# BUSINESS WEEK

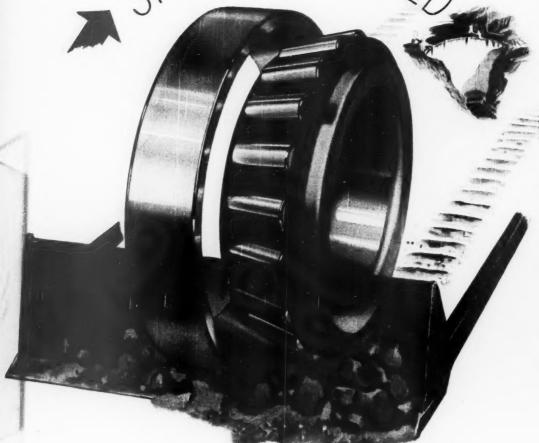
Essential Skills



Charles E. Wilson and Charles E. Wilson: In business together (page 136)

OCT 14 1950

SPHER-O-HONED



#### PERFORMANCE PROVES IT . . . THEY'RE MORE DEPENDABLE

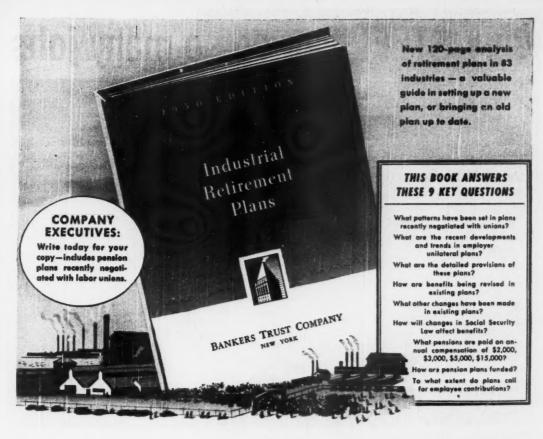
The men who man giant earthmovers haven't time to baby their equipment. Getting the job done comes first . . . their tools come second!  $\hat{x}$  Earthmoving machinery must be durable and rugged, right down to the bearings. Because Bower bearings are Spher-O-Honed . . . because they are built to stand up day in and day out under overwhelming loads . . . they are specified first by leading manufacturers of construction equipment of all types.  $\hat{x}$  If your product demands bearings that are first and foremost, more dependable and longer lasting, specify the name Bower. You'll find Bower bearings an outstanding value.

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#### What companies in 83 industries did about Retirement Plan Problems

#### PENSION PLANS IN THESE AND 35 OTHER INDUSTRIES ANALYZED

Importing &

Lumber

Exporting

Machinery Mfg. Meat Packing

Motion Pictures Non-ferrous

Metals

Paper Petroleum

Public Utility

Publishing

Radio &

Paint

Air Transport
Air Transport
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Automobile
Baking
Beverage
Building
Business
Equipment
Carpet
Cement
Chemical
Coal
Dairy
Drug
Drug
Electrical

Television Railroad Refrigerator Mfg. Retail Store Equipment Engraving & Printing Rubber Shipbuilding Farm Equipment Financial Floor Covering Silverware Soap Steamship Glass Steel Household Sugar Textile Tobacco Appliance Insurance

THIS valuable 120-page volume provides you with a quick, simple method of applying the pension experience of others to your business.

Written by pension specialists, this new book gives you facts and figures showing how companies in 83 industries are working out their retirement plan problems.

It contains complete information on pension plans negotiated recently with labor unions.

Facts about each company's plan are in tabular form for quick reading and easy comparison. You will find this book a valuable guide in establishing a new pension plan, or for use in comparing and checking your present plan and bringing it up to date.

#### WRITE FOR YOUR COPY TODAY

Simply write on your business letterhead for your copy of A Study of Industrial Retirement Plans. It will be sent to you without cost or obligation. Please address Pension Trust Division, Bankers Trust Company, 16 Wall St., New York 15, N. Y.

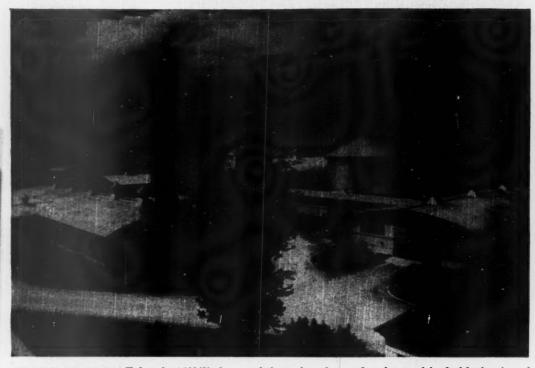
#### BANKERS TRUST COMPANY

**NEW YORK** 

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



# Only STEEL can do so many jobs

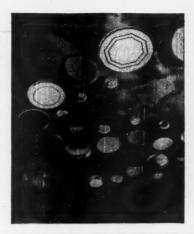


PRELUDE TO A SQUARE MEAL Today, about 12½% of our population works on farms and ranches, supplying food for America and the world. And steel, more than any other material, has helped to make their work easier, their production greater, their lives pleasanter. For steel not only gives them strong, weather-proof roofing and siding for farm buildings like these, (U.S.S Stormseal and U.S.S Tenneseal are famous names in rural areas) but helps to bring them modern farm machinery and equipment, the blessings of electricity, fast transportation and scores of other benefits.



THE CAP IS THE CLIMAX. Many of the things we need to keep us healthy and happy these days come to us in handy, closed containers. And the caps, or closures, of these containers are actually the climax to a painstaking effort on the manufacturer's part to keep the container's contents pure and safe. Last year, 53,592,563,699 of these closures were used in America—many of them made from U.S.S Tin Plate... steel with a very thin coating of tin.

REY TO BURIED TREASURE. This is a rock bit, the steel drilling tool that chews its way down through the earth to tap our deeply-buried treasures of oil and gas. For such bits, U.S.S Alloy Steels supply the super-strength, the extra toughness, the high resistance to impact, shock and abrasion needed for drilling to great depths.



UNITED STATES STEEL CORPORATION of DELAWARE, 436 Seventh Ave., Pittaburgh 30, Pa. AMERICAN BRIDGE COMPANY - AMERICAN STEEL & WIRE COMPANY and CYCLONE FENCE
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## so well



STORM WINDOWS LAST A LIFETIME. Wh your storm windows are made of U.S.S Stainless Steel, they're an unmixed blessing. They cut fuel costs, increase room comfort, of course. But what's more, they're corrosion-resistant, won't warp, bend or twist; they never need painting; they last a lifetime!



ROAD SEPARATOR THAT TALKS. Supplying reinforcing steel and cement for modern highways is one of the important jobs of United States Steel. Making highways safer is another one. This traffic lane marker, developed by Universal Atlas Cement, does double safety duty. Made of Atlas white cement, it is clearly visible at night. And its corrugated design (inset) actually causes it to sound a plainly-audible warning should you veer out of lane and your car tires ride on the corrugations. National Broadcasting Company, coast-to-coast network. Consult your newspaper for time and station.

LISTEN to . . . The Theatre Suité on the Air, presented every Sunday evening by United States Steel.

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# How you profit from these FOUR OUTSTANDING PROPERTIES

#### of G-E silicones

Much has been written about silicones in recent years. But there is a need for a simple and understandable approach to the important question—"Where can you use silicones profitably?"

This can be answered most easily by an indication of the outstanding properties of General Electric silicones. These properties break down into four groupings.

#### GENERAL ELECTRIC SILICONES . . .

- Resist heat and cold to an amazing degree.
  - Example: G-E silicone rubber stands up under high heats when used as gasket material for turbo-jet engines.
- 2 Release materials from sticking.

Example: G-E silicone mold release emulsions make it easy for rubber molders to release tires from molds, reduce rejects, speed production.

3 Produce useful surface characteristics.

Example: G-E silicone fluid applied to the surface of electrical insulators makes it much easier to keep the insulators clean, greatly reduces the possibility of electrical leakage.

4 Are inert.

Example: Even mercury vapor will not react with silicone rubber seals.

Where in your processes or products can you profit by using these remarkable characteristics? The examples are only four of the hundreds of uses for G-E silicones—to replace other materials—often, to do jobs no other material can do. In future ads, the tremendous possibilities the basic qualities of G-E silicones offer industry will be further developed.

Remember, General Electric chemists and engineers who originally developed silicones are ready to help you. These men *know* silicones. Put their knowledge to work for you. For information on how you can profit from G-E silicones, write Section F2, Chemical Department, General Electric Company, Pittsfield, Massachusetts.

GENERAL ELECTRIC



SPECIAL APPLICATION

### **Highlights** In This Issue

#### Things Are Tough All Over

• Mobilization is a problem, no matter where you sit. A look at some of the tough decisions the Kremlin has to make.

#### Two Wars at Once

· A lot of deferred inflation from World War II is coming home to roost, right in the middle of the Cold War. P. 24

#### Corn and Cotton

• This week's crop reports are shaping the cost of living.

#### Marketing Strategy

• There's a global oil story behind some rather shabby little gas stations popping up on the East Coast.

#### Odlum vs. Rickenbacker

• Odlum's Atlas Corp. is pushing it; Rickenbacker's Eastern Airlines will doubtless oppose it: an airline merger that will upset the East Coast competitive situation.

#### Washington Directory

• Where to go, whom to see-on mobilization matters in Washington. P. 30

#### Triple Indemnity

• Eagle Lion thinks it's been hurt \$5million worth by big movie outfitsand it wants \$15-million balm. P. 54

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# KEEPING UP-TO-DATE ON DUPONT NY ON FIBERS

This advertisement is published to keep you up to date on the industrial uses for nylon textile fibers. While demand for nylon still exceeds supply, you may wish to evaluate its possible future applications in your own business. Note: Du Pont makes only the fiber-not the nylon fabric or finished product.

## Nylon gives rope a built-in shock absorber This 8-inch nylon hawser has the strength to do the work of an ordinary 12-inch line. And when the tugboat

towing this 1,000-ton craft encounters heavy seas and strong currents, the elasticity of Du Pont nylon fibers acts as a shock-absorber. It cuts down the strain of sudden overloads when the line slacks off, then comes taut. And nylon's toughness and abrasion resistance minimize fraying when the line is payed out or hauled in.



#### At 60° below or 200° above – Nylon's muscle retains its flex

These diaphragms must stay plinble through the entire range of temperatures from -60°F. to 200°F., and after long exposure to fuels and gases. Nylon's strength under these conditions gives diaphragms longer flex life as well as greater sensitivity.

#### It's rub-a-dub-dub...day in, day out

for these mesh bags, which laundries use to keep each customer's work separate. Light-weight nylon bags increase a washing machine's payload... and last much longer!

## Note to a busy executive:

Interesting booklet "Nylon Textile Fibers in Industry" provides a quick briefing on nylon's performance in industry. Have your secretary request copies for you—and your key men. The facts it contains may help your company improve a product or production process . . . or create a new product. Address Nylon Division, Room 111. E. I. du Pont de Nemours & Co. (Inc.), Wilmington 96, Delaware.

For nylon...for rayon... for fibers to come.,.look to Du Pont

NYLON FIBERS

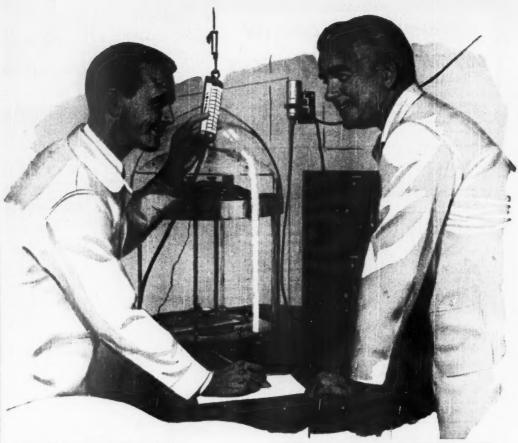


letter Things for Batter Living... through Chamistry

#### Nylon tire shoulders a 50-ton load

These giant tires illustrate the strength nylon gives to tire carcasses. Used to pack down earth during airport runway construction, each tire supports a weight of 50 tons.

Engineers say that designing this size tire carcass to stand such weight was practical only because of nylon's extreme strength and toughness.

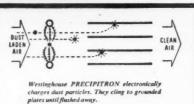


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YOU CAN BE SURE ... IF IT'S Westinghouse

## BUSINESS OUTLOOK

BUSINESS WEEK OCTOBER 14, 1950



Credit curbs now will be put to the test as inflation stoppers.

This week's Federal Reserve rules on mortgages (page 34) mark a third step along the way. (First was the raising of the rediscount rate, second the tightening of instalment loan terms.)

And a fourth step is to be expected. That would be a boost in memberbank reserve requirements. The aim would be to curb business borrowing.

Higher down payments on homes, cars, and major appliances must seem logical to anyone looking at today's debt figures.

Mortgage debt on one- to four-family homes has crossed \$40-billion. (Prewar tops were just under \$20-billion in 1930 and again in 1940.)

Total consumer credit is close to \$21-billion. (The prewar record, set during the 1941 auto boom, was just over \$10-billion.)

\$60-odd-billion is quite a plaster on individuals' future income.

Huge personal debts don't look so alarming, though, in terms of the vast increase in personal incomes. People now are taking in cash at an annual rate of \$223-billion. That compares with \$85.1-billion in 1929 and \$78.3-billion in 1940.

Thus, though debts have doubled, incomes have more than kept pace.

Sharp cutbacks on home building are bound to have some impact on general business. That's one reason many economists see a mild dip coming.

The Federal Reserve Board says its mortgage curbs are designed to cut 1951 sales to around 800,000 or 850,000 new dwelling units.

That's exclusive of rental units. But the board warns that rules to cover borrowing on for-rent housing construction are in the works.

So new housing starts next year, for sale and for rent, will be under a million units, presumably. A sharp cut—but still a mighty big figure.

Private "recessions" are bound to develop for producers of building materials and supplies, and for home-furnishings manufacturers.

However, that recession will be a relative thing. It means a fall-off only from an unprecedented boom to levels still so high that they were rarely enjoyed before.

Meanwhile, materials will be more plentiful (despite defense needs).

Where will the money go that isn't put into down payments on new homes and automobiles?

Uncle Sam expects to snatch some of it via a new 1951 tax law.

Some of it will just melt away meeting the higher price tags.

But some certainly will add to demand for available soft goods.

Expansion of personal incomes is putting more cash in many pockets.

Here are the latest Dept. of Commerce estimates (all at annual rates): wage and salary payments, up from \$140.2-billion in June to \$144.3-billion in August; proprietors and landlords, up from \$42.3-billion to \$45.9-billion; and farmers, up from \$16.4-billion to \$18.2-billion.

So most people have more dollars, whether they will buy more or not.

Record demand on manufacturers for finished goods represents more

#### BUSINESS OUTLOOK (Continued)

BUSINESS WEEK OCTOBER 14, 1950 than a sharp expansion in consumer buying. At the wholesale and retail level, too, heavy stacking-up is going on.

This showed up as early as August. Scare buying, by that time, had passed its peak. Yet dollar volume of wholesalers' sales rose 9% over July. Even so, they added \$200-million to stocks.

Department store inventories at the end of August were 15% ahead of a year ago. (A month earlier, the margin had been only 4%.)

And department stores had 84% more goods on order than a year earlier.

Manufacturers don't seem to be having any success in building stocks.

The Purchasing Agents Assn. of Chicago says 92% of its reporting members were getting deliveries slower in September than earlier in the year. An identical 92% paid higher prices.

Only 1% of members now are holding buying down to one month's supply, against 18% in June. Today 79% are buying ahead 90 days or more, against 9% in June. And 44% report shrinking inventories.

Many manufacturers seem to think that zinc will put a tighter brake on operations than either steel or copper.

As far as cold statistics are concerned, that certainly would seem to be true. Shipments outran production again in September. That pulled stocks down to 10,267 tons, the lowest in a quarter-century.

Domestic output has been averaging around 70,000 tons a month so far this year. But users have been lifting 80,000 and yelling for more.

French reverses in Indo-China this week added to uneasiness over what may happen ultimately in other parts of southeastern Asia.

That was a major factor in the <u>tin and rubber</u> markets. Tin topped \$1.12 a lb. on Wednesday, highest ever. And rubber, which had dropped sharply from its recent top above 60¢ a lb., turned strong again.

Cotton textiles were guaranteed against any real pinch in fiber when the government slapped on export controls this week.

Exports are to be held down to 2-million bales for the period Aug. 1, 1950, to Mar. 1, next. That's the first seven months of the cotton season. In the same period a year earlier, exports were 3.1-million bales.

The 1950 crop of 9,869,000 bales is only a little more than enough to meet probable domestic needs.

But we have 6½-million bales left over from earlier crops. We probably will open some of that up for export after Mar. 1.

For the entire 1949-50 crop year, exports were 53/4-million bales. A big slice went to Japan; most of the rest went to ECA countries.

Cotton prices took a one-two punch this week. The curb on exports sent quotations reeling. Earlier, the better-than-expected crop report (though it still is small) had brought a wave of selling.

Tea is gaining at the expense of coffee—but not by so very much.

Tea imports were up 10-million lb. in the first half of this year. At the same time, coffee imports fell by 2.7-million bags. But those bags translate into more than 356-million lb. of coffee.





Because multiplication is by far the most frequent operation on calculators, obviously the calculator for your office must be the one with the SIMPLEST and FASTEST, POSITIVE multiplication. That means MARCHANT-the only calculator with PUSH-BUTTON multiplication-on both the FIGUREMASTER, designed for heavyvolume production . . . and the new low-cost FIGUREMATIC, the only calculator in its price range with simultaneous automatic multiplication. Ask the MARCHANT MAN in your phone book to prove that a MARCHANT with PUSH-BUTTON multiplication can be operated by anyone ... and will do all your figure work easier and cheaper. Mail the coupon or call the MARCHANT MAN today.



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FOR MORE THAN 50 YEARS THE GREATEST NAME IN TRUCKS

## FIGURES OF THE WEEK

Business Week Index (above)   1940   1940   1950	(2) 1923 - 25 = 100		(N. 18	M make		A STATE OF THE PARTY OF THE PAR
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Business Week Index (above)	180 SEE					-160
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Electric power output (million kilowatt-hours)				All the second of the second		
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Bituminous coal (daily average, 1,000 tons)   1,904   11,902   1,837   297   1,685						
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Miscellaneous and Lc.l. carloadings (daily average, 1,000 cars).  All other carloadings (daily average, 1,000 cars).  63 63 61 34 52  Money in circulation (millions).  527,188 \$27,060 \$27,279 \$27,476 \$9,613  Department store sales (change from same week of preceding year).  +6% +10% +5% -8% +17%  Business failures (Dun & Bradstreet, number).  154 148 145 182 228  PRICES (Average for the week)  Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100).  Spot commodity index (Moody's, Dec. 31, 1931 = 100).  Aug. 173.0  Spot commodity index (Moody's, Dec. 31, 1931 = 100).  Aug. 1939 = 100).  315.5 306.8 224.8 138.5  Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).  344.6 346.5 349.8 294.7 146.6  Finished steel composite (Iron Age, ton).  Scap steel composite (Iron Age, ton).  Copper (electrolytic, Connecticut Valley, Ib.).  24.200e 23.925e 23.210e 17.625e 12.022e  Wheat (No. 2, hard winter, Kanasa City, bu).  Sugar (raw, delivered New York, Ib.).  6.25e 6.25e 6.25e 6.25e 6.00e 3.38e  Cotton (middling, ten designated markets, Ib.).  Medium gnade corporate bond yield (Baa issues, Moody's).  BANKING  Medium gnade corporate bond yield (Baa issues, Moody's).  BANKING (Millions of dollars)  BANKING (Millions of dollars)  BANKING (Millions of dollars)  BANKING (Millions of dollars)  Demand deposits adjusted, reporting member banks.  20,899 2.115 2.126 2.099 11.138 13.69 1.099 11.138 13.69 1.139.9		.,,,,,	,	2,021		2,00
All other carloadings (daily average, 1,000 cars).  Money in circulation (millions).  S27,188 \$27,060 \$27,259 \$27,476 \$9,613 Department store sales (change from same week of preceding year).  +6% +10% +5% -8% +17% Business failures (Dun & Bradstreet, number).  154 148 145 182 228  PRICES (Average for the week)  Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100). Aug. 173.0  Spot commodity index (Moody's, Dec. 31, 1931 = 100).  100, 1912 100, 1913 115.5  100, 1915 1309.5  100, 1915 1309.5  100, 24,000  100, 344.6  Finished steel composite (Iron Age, Ib.).  100, 1916 100, 1919 100, 191		0.4	03	. 61		06
Money in circulation (millions)   \$27,188   \$27,060   \$27,259   \$27,476   \$9,613						
PRICES (Average for the week)   Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100). Aug. 173.0						
PRICES (Average for the week)  Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100). Aug. 173.0  Spot commodity index (Moody's, Dec. 31, 1931 = 100). 464.0 462.9 477.1 337.4 198.1 Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100). 315.5 1309.5 306.8 224.8 138.5 Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100). 344.6 346.5 359.8 296.7 146.6 Finished steel composite (Iron Age, Ib.). 3.837e 3.83						
Cost of Living (Ü. S. Bureau of Labor Statistics, 1935-1939 = 100). Aug. 173.0 Spot commodity index (Moody's, Dec. 31, 1931 = 100). 464.0 462.9 477.1 337.4 198.1 Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100). 315.5 †309.5 306.8 224.8 138.5 Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100). 344.6 346.5 359.8 296.7 146.6 Finished steel composite (Iron Age, lb.). 3837¢ 3.837¢ 3.837¢ 3.837¢ 5.830¢ 5.	Business failures (Dun & Bradstreet, number)	154	148	145	182	228
Spot commodity index (Moody's, Dec. 31, 1931 = 100)						
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)   315.5   330.5   3306.8   224.8   138.5     Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)   344.6   346.5   359.8   296.7   146.6     Finished steel composite (Iron Age, Ib.)   3.837¢   3.837¢   3.837¢   3.705¢   2.396¢     Scrap steel composite (Iron Age, ton)   \$40.67   \$40.67   \$40.67   \$40.75   \$26.58   \$19.48     Copper (electrolytic, Connecticut Valley, Ib.)   \$24.200¢   23.925¢   23.210¢   17.625¢   12.022¢     Wheat (No. 2, hard winter, Kansas City, bu.)   \$2.20   \$2.20   \$2.23   \$2.22   \$0.99     Sugar (raw, delivered New York, Ib.)   \$6.25¢   6.25¢   6.25¢   6.25¢   6.00¢   3.38¢     Wool tops (Boston, Ib.)   \$3.10   \$3.10   \$3.10   \$3.10   \$3.10   \$3.10   \$3.10     Wool tops (Boston, Ib.)   \$3.10   \$3.10   \$3.10   \$3.10   \$3.10   \$3.10     FINANCE   90 stocks, price index (Standard & Poor's Corp.)   \$158.6   156.0   149.2   126.0   78.0     Medium gnade corporate bond yield (Baa issues, Moody's)   \$2.66%   2.66%   2.63%   2.61%   2.77%     Call loans renewal rate, N. Y. Stock Exchange (daily average)   \$1-11%   \$1\frac{1}{2}-1\frac{1}{2}%						
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).  344.6 346.5 359.8 296.7 146.6 Finished steel composite (Iron Age, Ib.).  3.837¢ 3.837						
Scrap steel composite (Iron Age, ton)	Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)		346.5	359.8	296.7	146.6
Copper (electrolytic, Connecticut Valley, Ib.).   24.200¢   23.925¢   23.210¢   17.625¢   12.022¢   Wheat (No. 2, hard winter, Kansas City, bu.).   52.20   \$2.20   \$2.20   \$2.23   \$2.22   \$0.99   \$0.99   \$0.99   \$0.99   \$0.99   \$0.90						
Wheat (No. 2, hard winter, Kansas City, bu.)   S2.20   \$2.20   \$2.20   \$2.22   \$0.99						
Cotton (middling, ten designated markets, lb.). 40.37¢ 40.46¢ 40.67¢ 29.61¢ 13.94¢ Wool tops (Boston, lb.) 53.10 \$3.10 \$3.10 \$3.10 \$1.95 \$1.41 Rubber (ribbed smoked sheets, New York, lb.). 60.40¢ 53.00¢ 55.00¢ 16.30¢ 22.16¢  FINANCE  90 stocks, price index (Standard & Poor's Corp.) 158.6 156.0 149.2 126.0 78.0 Medium grade corporate bond yield (Baa issues, Moody's) 3.22% 3.22% 3.21% 3.36% 4.33% High grade corporate bond yield (Aaa issues, Moody's) 2.66% 2.66% 2.66% 2.63% 2.61% 2.77% Call loans renewal rate, N. Y. Stock Exchange (daily average) 1½-11% 1½-11% 1½-11% 1½-11% 1½-11% 1½-13% 1½-16% 1½-10% 1½-16						
Wool tops (Boston, lb.).   S3.10   S3.10   S3.10   S1.95   S1.41						
Rubber (ribbed smoked sheets, New York, Ib.)						
90 stocks, price index (Standard & Poor's Corp.)						
90 stocks, price index (Standard & Poor's Corp.)	EINANCE					
Medium grade corporate bond yield (Baa issues, Moody's)   3.22%   3.21%   3.36%   4.33%		158.6	156.0	149.2	126.0	78.0
Call loans renewal rate, N. Y. Stock Exchange (daily average). 11-11/2	Medium grade corporate bond yield (Baa issues, Moody's)	3.22%	3.22%	3.21%	3.36%	4.33%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).   11-12/6   11-						
BANKING (Millions of dollars)       48,984       49,238       48,581       46,286       †27,777         Total loans and investments, reporting member banks.       68,673       68,779       68,469       66,077       †32,309         Commercial and agricultural loans, reporting member banks.       15,925       15,725       14,932       13,434       †16,963         Securities loans, reporting member banks.       2,089       2,115       2,126       2,099       †11,038         U. S. gov't and gov't guaranteed obligations held, reporting member banks.       33,694       33,845       34,698       37,252       †15,999         Other securities held, reporting member banks.       6,390       6,420       6,243       5,056       †14,303         Excess reserves, all member banks.       760       860       900       1,142       5,290         Total federal reserve credit outstanding.       19,972       20,075       19,438       18,406       2,265         *Preliminary, week ended Oct. 7.       **BDate for "Latest Week" on each series on request.						
Demand deposits adjusted, reporting member banks.			-			
Total loans and investments, reporting member banks.       68,673       68,779       68,469       66,077       †132,309         Commercial and agricultural loans, reporting member banks.       15,925       15,725       14,932       13,434       †16,963         Securities loans, reporting member banks.       2,089       2,115       2,126       2,099       †11,038         U. S. gov't and gov't guaranteed obligations held, reporting member banks.       33,694       33,845       34,698       37,252       †15,999         Other securities held, reporting member banks.       6,390       6,420       6,243       5,056       †4,303         Excess reserves, all member banks.       760       860       900       1,142       5,290         Total federal reserve credit outstanding.       19,972       20,075       19,438       18,406       2,265         *Preliminary, week ended Oct. 7.	and the contract of the contra	48 984	49 238	48 591	46 296	1+27 777
Commercial and agricultural loans, reporting member banks       15,925       15,725       14,932       13,434       +†6,963         Securities loans, reporting member banks       2,089       2,115       2,126       2,099       +†1,038         U. S. gov't and gov't guaranteed obligations held, reporting member banks       33,694       33,845       34,698       37,252       +†15,999         Other securities held, reporting member banks       6,390       6,420       6,243       5,056       +†4,303         Excess reserves, all member banks       760       860       900       1,142       5,290         Total federal reserve credit outstanding       19,972       20,075       19,438       18,406       2,265         *Preliminary, week ended Oct. 7.		68,673	68,779			
U. S. gov't and gov't guaranteed obligations held, reporting member banks. 33,694 33,845 34,698 37,252 †+15,999 Other securities held, reporting member banks. 6,390 6,420 6,243 5,056 †+14,303 Excess reserves, all member banks. 760 860 900 1,142 5,290 Total federal reserve credit outstanding. 19,972 20,075 19,438 18,406 2,265 *Preliminary, week ended Oct. 7. *** **Basic for "Latest Week" on each series on request.**	Commercial and agricultural loans, reporting member banks	15,925	15,725	14,932	13,434	116,963
Other securities held, reporting member banks.       6,390       6,420       6,243       5,056       †14,303         Excess reserves, all member banks.       760       860       900       1,142       5,290         Total federal reserve credit outstanding.       19,972       20,075       19,438       18,406       2,265         *Preliminary, week ended Oct. 7.       **Date for "Latest Week" on each series on request.						
Excess reserves, all member banks						
*Preliminary, week ended Oct. 7. ** **Date for "Latest Week" on each series on request.	Excess reserves, all member banks	760	860	900	1,142	5,290
	•					
			for "Latest	Week' on	each series	on request.



These Jenkins Valves installed on pipelines serving the pan floor are a few of the 5200 in use at Supreme Sugar Refinery. In addition, several patterns of Jenkins bronze, iron, and steel valves are used to control steam, water, and other vital lines.

There are few tougher proving grounds for valves than sugar mill service. Sticky, sluggish fluids soon seek out any weak spots in design and construction.

Over 5200 valves are maintained in regular service by the Supreme Sugar Refinery of Tallieu, Louisiana. More are continually installed as plant renovations are made or new additions are built. Long ago the management learned that, to insure the lasting efficiency required for profitable operation, the only really safe economy is to choose the best valves money can buy. For this reason, they standardized on Jenkins Valves.

In fact, Jenkins Valves have been the consistent choice of leading engineers, architects, and contractors everywhere for more and more of the nation's most notable buildings, wherever cost-wise, future-minded planning is the rule. For plant expansion, as well as new plants-large or small; for the commercial and institutional buildings that dominate today's changing skylines, Jenkins Valves are providing an extra measure of dependability, safety, and low maintenance.

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## WASHINGTON OUTLOOK

WASHINGTON BUREAU OCT. 14, 1950



The Truman-MacArthur show is politics, no matter how you look at it. The idea of a Pacific "Big Two" was born in the White House, not in the State Dept. It's a substitute for the cross-country stumping tour that Korea cancelled. It's supposed to dramatize Truman as "commander-in-chief"—a role Roosevelt found potent.

Serious Far East policy is on the agenda, of course: a Japanese peace treaty, Formosa, admission of Red China to the United Nations.

But these make political hay, too. Getting MacArthur committed in a joint communique on Asia policy is a bold stroke designed to protect the Administration's flank from Republican attacks—now "MacArthur is being consulted."

Acheson applauds the talks. Truman's choice of Philip Jessup and Dean Rusk as his advisers is evidence he stands by the State Dept., even when face-to-face with MacArthur.

Truman is finding it hard to put off price controls until next spring.

- The Pentagon complains that price increases are shrinking defense dollars.
- Consumers are beginning to feel inflation in their food and clothing bills.
- Close advisers, like Commerce Secretary Sawyer, think it's time to stop wages from chasing prices.

But Truman is still intent on holding off. Price ceilings are hard to set up and administer. Anyway, he is going to give higher taxes and credit curbs a full try first.

The only concessions he may make are ceilings on such defense materials as copper, zinc, lead, rubber, wool tops, and steel. And most of these commodities won't go under ceilings until Phil Murray gets his raise sometime around the end of the year. The Steelworkers' contract is sure to be important in setting any formula for wage controls.

This is why Truman's economic boys are telling him he can go slow right now on price-wage controls: There is a lull in the inflationary climb. It's a plateau that is setting in between the sudden Korea spiral and the coming long-term rearmament boom.

Here's how the advisers are adding things up to show the lull:

- Defense production just isn't rising so fast as first expected. This means businessmen won't be trying quite so hard to add scarce materials to inventories.
- Housing credit curbs will slash new starts by a third immediately (page 34). This will cut demand—and the price pressure—on building materials.
- Food supplies are seasonally large. Pork prices are down; beef, too, though only slightly. And remember that food takes 40% of the consumer's dollar.
- The higher taxes that go into effect this month cut purchasing power, taking some pressure off durables.

As rearmament hits its stride next spring these mild deflationary forces will be swept aside. Commodity prices will be climbing again. Wages will have outstripped even the new taxes that are still to come. The lull

#### WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU OCT. 14, 1950 will turn out to be only a reprieve from price controls-not an escape.

Plant-expansion planning is getting its second wind. First it was steel. This week it's aluminum and aviation gasoline.

Two-billion additional pounds of aluminum are now wanted. That's 1-billion lb. more than the Munitions Board asked of the industry men just last week. Now Symington has told them: Report by Oct. 23 on what you will need in the way of power, price, and ores to raise today's output to 4.4-billion lb.

Twenty percent more avgas is another goal. Chapman of Interior persuaded the refiners to up production by that much by the first of the year

Iron-ore expansion is in the works, too. Chapman is ticketing \$120-million to get taconite developed.

A new rent-control law with teeth is in the works. Rent controller Tighe Woods wants power to gear rents in with price controls—though he would make enough concessions to landlords to keep them from being squeezed to death. In January, Congress will be asked to:

- · Restore mandatory rent ceilings, eliminate local option.
- Abolish the guarantee of a "fair" net operating profit.
- Revamp local rent advisory boards to make them operate as price and ration boards did in World War II.
- Place new rental housing under the same rent formula as old housing.
   You may get a stopgap law in the November session—just to keep the organization intact beyond Dec. 31.

The Gray report on post-ECA aid may never come out—Korea and European rearmament have made it obsolete. In its place, look for a study on how to convert Europe to gun-making without reducing living standards. In any event, U. S. money will be needed.

The next RFC chairman will be W. Elmer Harber, Oklahoma banker (BW-Aug.19'50,p24). That was tipped off this week when Truman gave Harber an interim appointment to fill the only current vacancy. The other two new appointees—attorney C. E. Rowe of Boston, and banker Walter E. Cosgriff of Utah—can't take office until the Senate confirms them.

Crime-and-politics is shaping up as a hot campaign issue. It could tip the scales in three Senate races—in New York, Illinois, and Missouri.

Take New York: The police department probe has split city Democrats. This could cut the big majority the Democrats count on in the five burroughs to reelect Sen. Lehman.

And in Chicago and Kansas City, Kefauver's Senate crime committee is turning up gang scandals. A split in the Chicago Democratic machine would hurt Senate Democratic leader Lucas. And Truman's efforts to defeat Sen. Donnell are being blunted by exposes in Truman's home state.

The Republicans just about have to come up with one of these seats if they are to pick up the net of seven to control the Senate. And crime has swung many an election before.

## magnetic devices improved

#### by HIGH NICKEL ALLOYS

Reductions in size and weight of magnetic devices for all sorts of uses have been attained with high nickel alloys, and in many cases results are secured which are not attainable with other materials.

Basically, these materials are iron-nickel alloys to which other elements may be added to modify and improve magnetic or electrical properties, or to develop new properties not present in the basic iron-nickel alloy. There are essentially two types of magnetic alloys: those that are easily magnetized and demagnetized—known as magnetically soft alloys—and those that are difficult to magnetize and demagnetize—known as magnetically hard alloys or permanent magnets—and it is significant and noteworthy that the outstanding alloys of each class are nickel alloys.

#### 80% NICKEL ALLOYS

These alloys are very soft magnetically and have extremely high initial and maximum permeabilities, low coercive force, and low hysteresis loss. Sensitive relay cores are made of these alloys because, when the winding around such a core is de-energized, the low coercive force (easy demagnetization) assures quick reliable release.

First applied in telephone loading coils to improve long distance talking and to speed up cable transmission, these high nickel alloys are now widely used to shield delicate apparatus from stray magnetic fields, and for cores in many devices such as the Magnesyn compass and airborne magnetometer, and for filters.

#### 50% NICKEL TYPE ALLOYS

Along with high permeabilities, these alloys provide low hysteresis and eddy current losses, which are important in high frequency service. Applications include cores in quality audio and hearing aid transformers to minimize distortion, also in pulse transformers for radar, current transformers, numerous instruments and in certain portable power tools where heat is objectionable.

50% nickel-iron can be modified by special rolling and heat treating techniques to have a rectangular hysteresis loop making it useful in commutating rectifiers, magnetic amplifiers, and computer memory devices.

#### OTHER MAGNETIC TYPES

Special iron-nickel magnetic alloys are used where constant permeability, magnetostriction, or temperature compensation are required. They are usually employed in the form of thin strip, but also are available in powder form.

#### PERMANENT MAGNETS

The Alnice Family. Aptly named for the three major alloying elements which they contain...aluminum, nickel and cobalt..."Alnico" designates a group of iron-nickel-cobalt aluminum alloys that provide strong magnetic fields without application of external power. The maximum energy product of these alloys ranges from 1.6 million (Alnico I) to an amazing five and one-half million for a specially produced Alnico V.

Hard, and relatively brittle... Alnico magnets are usually cast to shape and are finished by grinding. They are not available in strip or wire form but small magnets can be produced by powder methods.

Ductile Permanent Magnet Nichel Alloys. For specific applications, the choice of a magnet alloy depends not only on its magnetic, but also on its physical and mechanical properties. Cunife (copper, nickel, iron) and Cunico (copper, nickel, cobalt) are ductile and malleable permanent magnet alloys. They can be cold rolled to wire or to strip, or punched, machined or otherwise formed by ordinary methods. In addition 18-8 stainless steel, which is normally non-magnetic, develops (when drastically cold worked) magnetic properties useful in magnetic recording.

#### NON-MAGNETIC MATERIALS

A number of non-magnetic alloys are available having strengths as high and higher than that of structural steel. These include the austenitic stainless steels, "K" Monel, and Inconel, all containing nickel, and find wide application in electrical and electronic fields.

#### APPLICATIONS

Permanent magnet applications are of four different types:

- converting mechanical into electrical energy . . . as in a generator, dynamotor, electrical tachometer, or an aircraft magneto;
- converting electrical into mechanical power...
  as in a radio loudspeaker, or in d'Arsenval
  meters, and less obviously in ion traps in cathode
  ray tubes or in are blow-outs in switches;
- attracting other magnetic materials . . . as in the magnetic chuck of a grinder, or a separator that sorts magnetic from non-magnetic materials;
- finally, for magnetic bias, i.e., to partially seturate a magnetically soft alloy... pure nickel, for example, is usually biased in magnetostriction applications to imps ove performance.

#### **FULL INFORMATION**

We shall be glad to furnish you with data on high nickel alloys for magnetic purposes. Send us details of your problems for our suggestions.

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# BUSINESS WEEK

NUMBER 1102 OCTOBER 14, 1950



RUSSIAN INDUSTRIAL CENTERS are being moved to the East, even though it overloads transport. It's one demonstration that . . .

## Kremlin Has Mobilization Problems, Too

Like U.S. planners, Russians have to balance industrial expansion against direct munitions, allies' needs against own.

Sometimes it seems as if we all have the same problems.

Anyone who talked very long to defense agency officials, businessmen, mobilization planners would conclude that preparing the United States for war is a special and unprecedented job. There are so many dilemmas, so many hard choices:

How much can you squeeze people's living standards without destroying their will to work? For the long pull, how smart is it to weaken peacetime industry by diversions to defense work? How do you decide how much of your resources you should put into immediate munitions, how much should be ploughed back into extra capacity for future munitions?

• Kremlin, Too-Actually mobilization is mobilization, anywhere. The answers may vary, but the choices that must be

made, the questions to be asked are approximately the same-whether you ask them in English, in German, or in Russian

Suppose NSRB chief Symington were suddenly transported to the Kremlin and assigned the same job he holds in Washington—to settle the basic disputes on mobilization. He'd feel pretty much at home; he'd be talking the same language and dealing with about the same issues, though some would be tougher and some easier in a Russian setting.

• Prosperity and Depression—In one fundamental way, the Russian mobilization problem is easier than the American. The hardest thing about U.S. mobilization today is that it comes at a time of booming prosperity; even a moderate increase in armament has to be chopped out of people's living stand-

ards, either by rationing or by inflationary price increases.

Russia's position is more nearly equivalent to this country's in World War II, when it started from a depression level and was able to raise living standards at the same time that it armed. So today, though most of the fruit of increased Soviet industrial capacity goes into munitions and heavy industry, there's evidence that in the past year a little of it has been allotted to raising living standards, particularly in the Moscow area. The program for reconstruction of Moscow has been stepped up quite a bit this year; apartment houses, stores, parks, all are going forward.

Even a slight improvement for the consumer—just so it's an improvement—helps to sweeten such moves as the tightening in the labor laws since Korea: longer hours, higher penalties for absenteeism, or failure to make quotas.

• Present vs. Future-But on an equally fundamental point, the Soviets have a

harder row to hoe. Just as in the U.S., Soviet planners have to decide whether to allocate limited materials to production of munitions now or whether to feed material back into the basic industries to increase their future capacity. This is about the toughest decision any planner has to make; it forces him to bet on whether war is close at hand or far.away. It's harder for the Russians than for us because Russia's heavy industry is its weak spot.

The Russian planners seem to be placing their bets unanimously on a

distant war.

Take steel. Russian production, about 16-million tons before the war, is now up to about 25-million ingot tons. Some 15-million tons of this are being allocated to expansion of industrial capacity—the largest part to expansion of the steel industry itself, which is intended to reach 60-million tons a year 10 years from now.

That 15-million tons is at least as much, perhaps more, steel as the U.S., with its 100-million ton capacity, has put into industrial expansion in any

postwar year.

By contrast, only about 3-million to 4-million tons of Soviet steel now goes into direct armament. That is more than this country now uses, of course. But the Pentagon expects to be using some 10-million tons of steel a year by next year.

• Disadvantage—With all their expansion, obviously, the Russian planners are at a fearful disadvantage any time things get serious. It will still take them five years to get another 15-million tons of steel capacity. The U.S. could break that much free whenever it wanted to

stop auto production.

Korea, and U.S. mobilization, has sharpened Soviet awareness of this weakness and seems to have shaken somewhat the planners' confidence that actual war is a long way off. In recent months they have been squeezing longrange programs back a little in favor of munitions. Farm-machinery plants in the Donbas area are supposed to have cut production as much as 30% in order to save steel. And smaller shipments of steel are now being sent to Czechoslovakia and Poland for plant expansion.

• Location vs. Rails—Russian mobilization planning runs afoul of another dilemma that Washington hasn't even felt it necessary to take scriously. As a country that has been fought over many times and expects to be again. Russia wants its industrial centers well away from the borders. The great bulk of current industrial expansion is being centered in the central Kuzbas region (map, page 19).

But this imposes a terrible three-way load on the already shaky transport system: in setting up new steel plants thousands of miles from established centers; then in carrying ore to the Kuzhas, which doesn't have enough to meet planned goals; finally, in shipping finished munitions to the distant frontiers.

• And the Allies—Russia is dependent on the Silesian and Czech industrial centers for a significant part of its production; that's probably why it ships as much as a million tons of its skimpy steel supply abroad. On the other hand, it is in a position to be much rougher than we can be with its allies; even oil-rich Romania, which never rationed gasoline during the war, does so now.

#### Priority Use of Steel Limited to 15%

Washington's new system of priorities and materials controls was taking shape fast this week. On the heels of its general priorities order (BW-Oct. 7'50,p21), the National Production Authority came out with a detailed formula applying the order to the steel industry. This sets the pattern that is going to be followed in other basic materials—copper and aluminum, for instance.

The new regulation tells steel producers just when they can reject a DO (priority) order and when they have to accept it. Specifically, it sets up these

tandards.

 A mill doesn't have to accept an order that calls for delivery in less than 45 days. In other words, it doesn't have to upset its rolling schedules every time another priority order happens to come in.

• Over-all, a mill doesn't have to accept a DO-order for any carbon steel item if its rated orders for delivery in any month already soak up 15% of its average monthly shipments of carbon steel products during the first eight months of this year.

Orders for alloy steel may be rejected if they would put the producer

over a ceiling of 25%

Within these general limits there are more detailed ceilings. On carbon and alloy sheet, for instance, a mill can reject a DO-order if it is already booked for 5% of monthly shipments. On carbon bars and tubes, the limit is 10%, on plates and some shapes 15%.

The records of DO-orders received

The records of DO-orders received and shipments made will give industry officials and government administrators their first direct information on the exact impact of military orders for scarce materials. But Washington experts are pretty sure that the limits they have set will give the military plenty of room to turn around. They figure it will be a long time yet before the milis are bumping their heads against the ceilings.

## Cotton and Corn

New forecasts on the worry crops are better than expected. But shortages will still keep prices up.

The government forecasts on corn and cotton this week were good news simply because worse had been expected. There was nothing in the outlook for either crop that promised any relief from high prices.

• Corn Stronger-Of the two, corn is in the better position. The new forecast put output at 3,118,000,000 bu., very close to the 3,150,000,000 bu. used domestically in the crop year that ended Sept. 30. As such, the crop estimate was better by 50-million bu. than some experts had expected.

The best news about corn, however, didn't show up in the government report, which measures only bushels, not feeding quality. Expected frosts have held off in the northern corn belt, where some 400-million bu. could have been killed or damaged before maturity. Another week of above-freezing temperatures will pull the biggest part of this corn through to good feeding quality. (When frost catches corn, it leaves it soft and chaffy; farmers can't store it, and even though feeding quality is low, they have to throw it to stock immediately.)

• 8% Off—As now estimated, the corn crop will run about 8% less than last year. But the other feed grains—oats, barley, and grain sorghums—are doing enough better than last year to jack up the total feed grain supply to just a little under 1949's big output.

This means a lot of meat for 1951—but not enough to lower prices if consumer demand holds up as expected. The current drop in pork loins—33% under the peak reached just after Korea—is due mainly to the heavy seasonal supply of hogs, not to a basic weakening of prices. The price decline in meat the past couple of weeks has been well within the seasonal pattern. And if this pattern holds, prices will be going up again early next year.

• Cotton—The new output forecast for cotton—9,869,000 bales—did nothing to tarnish its reputation as the year's Cinderella crop. Trade experts had expected a reduction in the September estimate running up to 200,000 bales. When the government reported a cut of only 13,000 bales, futures reacted with a sharp price dip.

But all this doesn't mean there will be cotton to burn. U.S. mills are consuming at a rate of about 10-million bales, with exports at 5-million bales.

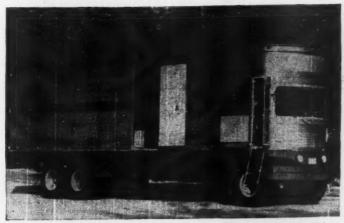
The Dept. of Agriculture has scrapped

all plans for acreage controls on cotton next year-a strong indication that we may work through all our reserves be-fore next harvest. Farmers have been called on to produce 16-million bales next year, a very heavy increase that may be upset by the weevils, bad weather, and labor shortages.

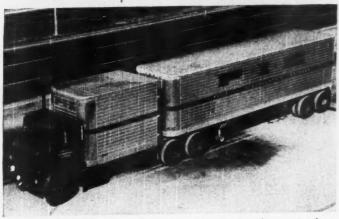
· Surplus to Stockpile-As the unloved stepchild a year ago, cotton holdings by Commodity Credit Corp. were one of the biggest headaches of that hardpressed agency. Now the surplus is a vital reserve. This week Agriculture clamped curbs on exports to keep the carryover from falling to "a dangerously low level." It limited foreign shipments -exclusive of those to Canada-to a rate of 3-million bales a year, almost 50% below a year ago.

Right now, Agriculture's experts don't see much prospect for lower cotton prices next year, even with a 16-mil-

lion-bale crop.



TRUCKLESS TRAILER combines controls and engine in standard trailer body.



DROMEDARY (two-hump) rig gêts added space by squeezing cab up over engine.

## New Designs Get More Space With Less Truck

The trend in truck design is for maximum capacity within size limits set by state laws. Twin Coach Co.'s new self-propelled trailer (top), called the Fageol Super Freighter, carries the same payload as a conventional tractor-trailer but saves from 5,000 lb. to 8,000 lb. in truck weight and from 8 ft. to 10 ft. in length. The engine, which operates on either gasoline or propane, is slung underneath a standard Fruehauf trailer. Controls are built right into the front. The whole front axle turns in steering.

With its "highway dromedary" design (bottom), Pacific Intermountain Express has added 664 cu. ft. of payload space without adding to over-all length. PIE shoved the cab of the conventional tractor up over the 300-hp. diesel. This left room behind for the extra "hump" which carries up to 2,200 lb. of additional payload.

## Price Spark

Champion Spark Plug tangles with FTC over alleged price discrimination in favor of the automobile makers.

Champion Spark Plug Co. and the Federal Trade Commission square off next week for a final decision on a charge of price discrimination. The outcome will also directly affect Electric Auto-Lite Co. and AC Spark Plug Co., whose pricing practices are similar to Champion's. And it will settle a basic question in the interpretation of the ederal price-discrimination law: How far is a manufacturer allowed to go in establishing different prices for the same product when it is sold for different purposes?

• Split Prices-FTC's trial examiner charges that since 1936 Champion has discriminated in prices charged between (1) auto manufacturers that purchase spark plugs both for original equipment and for replacement sales, and (2) wholesalers and retailers that pur-chase spark plugs for replacement sale

Between 1939 and 1947, Champion admittedly charged car makers 5¢ to 7¢ for plugs for original equipment and 22¢ to 27¢ for plugs for resale to dealers. At the same time, regular distributors were paying Champion from 26.1¢ per plug to 29.7¢.

• Lessen Competition?-Is this discrimination ". . . where the effect may be substantially to lessen competition . . .," in the words of the Robinson-Patman Act? Do plugs sold at cost to car makers for original equipment compete with plugs sold at a higher price to regular distributors for replacement sale? FTC's trial examiner says yes. Champion says no. It insists that FTC's interpretation would upset traditional pricing policies throughout industry. The trial examiner decided that "Champion makes no sale of spark plugs to manufacturers for original equipment except in connection with purchases by the manufacturer of plugs for resale for replacement." Hence, he says, Champion's two prices to car makers are both fictitious," and the real price is obtained by dividing the total payments for plugs by the total number of plugs received.

• 10e Advantage-On that basis, he found that Champion was actually charging auto makers almost 10¢ less per plug than the price it charges distributors. Thus, he says, Champion's pricing policy substantially lessens competition.

The case now goes to the commission

itself for final decision.



"BABY" CHRISTMAS TREES join the bread, cereal, and cleanser at metropolitan chain stores. They have traveled a long way from Roy Halvorson's Minnesota woods.



Doublecheck: Halvorson's chief chemist, Carleton Holmes, makes tests daily on trees' moisture content. Soaking in "Chemi-color" and "Liquid Life" keeps them fresh.



1 Trees, like women, fool you about their age. This tip may be 100 years old.

## How to

In the snowy, boggy wilderness of northern Minnesota, spruce trees grow so densely that they are poor, scraggly things—all but the top three or four feet of them. But that small burst of spruce at the top is enough to support a million-dollar-a-year business in "canned" Christmas trees.

Roy Halvorson of Duluth started peddling Christmas trees from door to



5 Snowy look comes from coat of fiber. It's blown on while tree is still damp.



2 Through the snow, the Cat tractor hauls trees twice a day. It has extra-wide shoes, steel guards to protect it from stumps.



3 First check comes when trees reach Duluth plant. Then machine gadget-minded Halvorson designed trims them.

## Pick \$1-Million From Trees

door when he was 12 years old. By the time he started college, he realized there was a living in his merchandise.

Growing—He and his wife set up shop. They discovered early that falling needles meant no sale. So Halvorson started experimenting, came up with a chemical that would keep trees fresh about a week. At first, trees got their treatment in the family bathtub.

Gradually, Halvorson Trees worked into a busy lumber and processing organization. Halvorson improved his chemicals so they would color the needles green, silver, or white, keep trees alive-looking from one to three months. Then, because people don't like to build stands, he put on stands himself.

stands, he put on stands himself.

• Full Bloom—Today Halvorson owns
10,000 acres of forest, leases another

65,000 or so. He ships 1-million trees a year-to all 48 states and to countries as far away as China and Greece, and the West Indies. Some are sold in florist shops. Most go to chain food and variety stores.

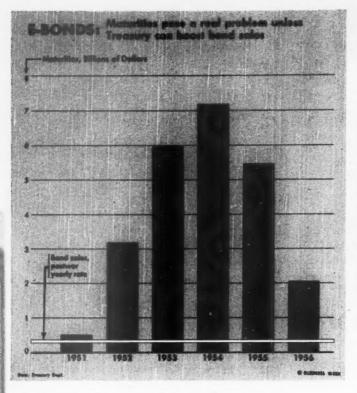
Foresters give the Halvorson partnership the all-clear. They cut only 5% of any stand, and the trees that are left have a better chance to grow.



Mounting machine is another Halvorson device. It holds trees upright, rams them into stands filled with more "Liquid Life."



7 Packers, like many Halvorson workers, are women—who handle little trees gently. Twelve to a carton, trees go off to market.



## Nobody Loves E-Bonds Now

Diluted purchasing power sours public on them. Treasury toys with new schemes to jack sales enough to top redemptions.

All through World War II, the Treasury postponed a day of reckoning. By its sales of E-bonds, it put purchasing power on ice. The hope was that when bond maturities unfroze the savings, the economy could absorb, and possibly enjoy, the extra cash.

Now the day of reckoning is at hand. And it couldn't have come at a worse

• Bleak Future—Right in the midst of a new rearmament inflation, the Treasury faces the prospect of redeeming billions of old war bonds as they mature over the next few years. At the same time, it finds it can no longer count on new bond sales as a potent antiinflation weapon.

The truth is that more and more people have come to feel that E-bonds, with their fixed returns, make poor investments in an inflating economy. In the last five months this thinking, and the premium people put on spending, have been the main reasons why bond cash ins have consistently run ahead of new sales. In June investors turned in

\$37-million more of bonds than they bought. July redemptions were \$50-million ahead of sales; August's deficit was a monstrous \$124-million. In September the gap narrowed, but only a little, to roughly \$104-million.

• Pepless Public—Right now, there's not much to indicate any sudden change in this public indifference to bond buying. Secretary Snyder may succeed in wiping out deficits for short periods with ballyhooed selling campaigns. (In November, for instance, Treasury will kick off a new payroll-savings promotion for E-bonds.) But once World War II's maturities start rolling in, Snyder can look to nothing but a steady deficit diet.

From 1951 on, the bonds of the 40's are slated to move across the cash-in counters in steadily increasing lots. The peak will come in 1954, when more than \$7-billion worth of E-bonds are scheduled for redemption (chart, above).

• Forced Savings—Against this tide of turn-ins, Treasury will try to keep afloat its small-bond program. Faced with a

market that has already seen bond savings diluted by inflation, it undoubtedly will have to try new schemes to get the money it needs.

Forced savings might be one of them—if there were a total war. Washington has heard this talk before. But in the last war the plans that were cooked up were considered too much for the country to stomach. Now, however, there's a growing feeling that, with the public accepting higher taxes and controls, forced savings might not be so hard to put across.

• Off the Paycheck—One way to do it, of course, would be to put payroll savings on a compulsory, instead of voluntary, basis. In effect, an employer would withhold income taxes, plus part of the value of a bond. Bonds would bear interest of about 3% a year but wouldn't be cashable until the government felt the inflation danger had passed.

The advantage of such a scheme is that the machinery for it is already functioning—under the payroll-savings plan. The theory to explain its working is this: People would rather be forced to buy bonds than be forced to pay higher taxes, which would take their money once and for all.

Outside of forced savings, Washington is toying with a number of plans to step up savings on a voluntary basis. Here are some of them:

A flat rate of interest. This has been touted as the answer to the complaint that the E-bond holder gets even less than 2.9% interest if he cashes his bond before maturity. Right now, the bond holder earns almost no interest on a bond redeemed in the first five years. By setting a flat rate for each year—possibly 3%—the bonds would become more like cash.

The flat-rate idea also points a way to solution of the refunding problem: Extend maturing bonds indefinitely at 1% interest for every additional four months held.

A savings-incentive tax. Though complicated, this would let people hold onto some of their cash while still keeping down spending. The taxpayer would get a deduction if he could show that he had saved a required portion of his income.

An escalator bond. Supposedly, this would safeguard the value of a bond investment against fluctuations in the value of the dollar. The Treasury would determine redemption value by changes in, say, the consumer price index. However, this idea probably won't get far. For one thing, it could easily bring on a jet-propelled inflation. For another, the idea of converting, at fluctuating rates, one form of government credit (bonds) into another form (paper money) poses enormous problems.

## Skills: For Army or Industry?

There are only so many scientists and skilled workers to go around. Manpower experts want to defer them, draft some fathers and veterans. Selective Service balks. NSRB will decide.

Last week the lid blew off a behindthe-scenes squabble that mobilizer Symington will have to settle. It's the old question of how big a drain the military should be permitted to make on the home front's scientific and skilled manpower resources.

• Contestants—On the one side you have the armed forces. They not only need fighting men, they need doctors, engineers, and skilled mechanics to keep a fighting machine of 3-million

men in shape.

On the other side you have the homefront needs: enough people with sufficient knowledge and skills to produce the materials and weapons that are necessary to win the war and to build up the country's strength internally.

The problem is how to divide the

supply.

• Past Mistakes—During the last war plenty of mistakes were made. Men were drafted who were of better use to the war effort in their civilian jobs than in the Army. Such a serious shortage of copper miners developed that those who had been drafted were released to return to the mines. Scientists and professional men became buck privates. Students who might have contributed more to our over-all strength by continuing their studies found themselves on the front lines or in routine war tasks.

Will these mistakes be avoided this time? Will there be more "selection" in Selective Service? Manpower experts

have hoped so.

• "Boloney"—But Selective Service Director Lewis B. Hershey hit them a blow last week when he called the deferment of scientists and professional

men "a lot of boloney."

Symington doesn't accept Hershey's "tough" draft policy for scientists. He talked the whole deferment question over with Secretaries Marshall and Tobin. And afterward Hershey backtracked some-but not so far as manpower people want.

Scientific and professional men sat down with Hershey and came up with a joint recommendation to defer students who show superior educational aptitude. A new draft classification— 11-A (S)—would be set up for students who show special promise of eventual scientific, professional, or other specialized competence.

This meets Hershey's complaint that mediocre students could get under the tent if the deferment policy were broad. The scientists can't claim exemptions for the dullards.

• What About Skills?—But the compromise over scientists settled only half the problem. The question of deferment for occupational skills still remains. And it's an important question. Granted there aren't very many tool and die makers and the like under draft age now. But if Hershey sets a tough deferment policy on these men today, its effect will be felt on the supply of skilled manpower later—when the need may be even more critical.

Skilled labor is the concern of Secretary of Labor Tobin. In this interim war stage. Tobin would like to enlarge the labor force and increase the number of skilled workers, too, through an extensive training program. So he is pushing for a deferment policy that will keep as many skilled workers as possible

in industry.

Such a policy is partly in effect for reservists and national guardsmen. The Defense Dept. is being guided by a list of 48 critical occupations in 72 essential industries granting six-month delays to those in the reserves and national guard. But the delay is only temporary, presumably for only six months, though the request for delay can be renewed at the end of that time.

Tobin would like Selective Service to use the lists, too. But he isn't pushing very hard right now. Few persons of present draft age possess the critical

skills listed.

• Survey—The Labor Dept. is making a survey of skills that are in short supply. Except for tool and die makers and a few other specialities, the problem is usually one of matching the job and the worker. Many skills short in one place can be found in another.

"Russia has numbers, and we have quality," Labor Dept. people say. "We have to utilize our quality both in civilian and military activities."

The Labor Dept. visualizes an eventual draft policy providing for: (1) occupation deferment; (2) deferment of certain students; (3) deferment of scientific and professional personnel; (4) better utilization of highly trained skills in military service.

• The Decision—These are the forces that will be tugging at Symington when he arbitrates the dispute over deferment policy. It really boils down to this: The price for conserving scientific and technical manpower resources now will be the drafting of some fathers and some World War II veterans.

Hershey naturally is reluctant to pay that price. It would lose him some of the lubrication of public support for his Selective Service program. It isn't politically palatable—either to congressmen or to the local draft boards that have to decide who will go into uniform, and who won't.

Symington, right now, is on the side of the scientists and businessmen. He is expected to come up with a decision

soon.

#### Final Nod to CBS Color May Mean Court Fight

The Federal Communications Commission this week lit the fuse to a big bomb: It gave final O.K. to Columbia Broadcasting System's color-television system.

• Lawsuits—Now an explosion is sure to come. Pilot Radio Corp. said flatly that it will start injunctive proceedings against the commission. Radio Corp. of America, hardest hit by the decision, seems almost sure to follow. Still others might also take to the courts.

FCC had tentatively approved the CBS color system six weeks ago on the ground that it gave a better picture than RCA's. At the same time, it said that if manufacturers didn't agree within 30 days 'to make sets with 'bracket standards'' (to receive present black-and-white telecasts and CBS color in black and white) it would make its approval of CBS final. The industry didn't agree—violently and almost unanimously (BW—Oct.7'50,p26).

• Certainty—CBS president Frank Stanton feels that the decision "means that color broadcasting is a certainty." He says he is confident that the industry will cooperate and that there will be bracket-standard sets on the market within a few months. Likewise, he promises that CBS will be broadcasting color 20 hours a week soon.

Others in the industry don't feel so optimistic. Undoubtedly, some manufacturers will agree to make the sets, although no production has yet been arranged. But CBS may have to do a lot of persuading to get bracket-standard

sets built in quantity.

• Uncertainty—Even if everybody agreed tomorrow to start making the new receivers, manufacturers say that they couldn't get them on the market before next spring at the earliest. And impending court fights may keep the issue in suspension a long time—until either FCC or the industry gives up from sheer exhaustion. Meanwhile, the decision could take a huge bite out of the current sales boom of black-and-white TV sets.

#### TV Time Limit

FCC fears NBC stranglehold, proposes rule limiting use of any one network in "scarce station" market areas.

The Federal Communications Commission has just popped a loaded question to the television industry: How would you like a rule regulating what network shows you can carry?

• Scarce Markets—Behind FCC's proposal is the fact that there are only a limited number of TV broadcasting stations in a number of key markets. This scarcity of stations, FCC reasons, is limiting competition among the TV networks. It finds that NBC has been able to snap up the lion's share of the time in "scarce station" markets.

Here's how the rule would work. In a market where there is a single broad-casting station, the station would be barred from giving more than two of the five afternoon hours and two of the five evening hours to the shows of any one network. The rest of the time would have to go to the shows of other networks or to local programs.

In two-station markets, no one network could have more than three of each five hours. In three-station markets, four out of five would be allowed.

No Room for All—FCC points out that in only three of the 40 TV network markets are there enough stations to give all four networks an outlet. It will be some time before more stations are built.

An FCC survey shows that in 17 one-station markets, NBC gets 65% of the time (CBS picks up 19%, ABC gets 11%). On these stations DuMont gets less than 5% of the time, though it telecasts about a quarter of the total offerings. It was DuMont that finally protested to FCC several weeks ago.

One reason for NBC's high acceptance rate is that many of its radio affiliates plunged into TV from the start. Now 11 of the 17 stations in one-station markets are NBC affiliates.

• Cable Protest—Last month ABC and DuMont protested to the FCC that American Telephone & Telegraph was giving NBC too great a share of contested cable and microwave time. AT&T retorted that NBC had firm commitments to use the time: that the others just hoped to be able to use it.

Nobody knows just how the industry will reply to FCC's proposed rule. Du-Mont is almost certain to ask for some regulation. Even some NBC affiliates may go along. The rule would give them a good out for rejecting NBC's lesser programs in favor of top offerings of CBS, ABC, and DuMont.



ESA BOSS: Dr. Alan Valentine

#### Price Fixer

Ex-university president gets Truman appointment to head price-controlling Economic Stabilization Agency.

Everybody has been complaining about prices. Last week President Truman finally hired a man to do something about them.

• First Hurdles—But it didn't look as if Dr. Alan Valentine, former president of the University of Rochester and Truman's choice to head the new Economic Stabilization Agency would be fixing prices in a hurry. There was a number of hurdles to be cleared between his appointment and ESA's first price-control order.

First, and most important, is Administration policy: Will Valentine follow the go-casy-on-prices-and-wages line of the Council of Economic Advisers and some Fair Deal political experts? Or will Valentine yield to the demands of the military and Commerce Secretary Sawyer for prompt ceilings on costs of materials going into defense orders? Second. Valentine needs the help of

Second, Valentine needs the help of a price administrator and a wage stabilization board. True, Cyrus Ching has agreed to head the wage board, and other members soon will be appointed. But until these people go to work, ESA is a one man operation, with no program, no staff, not even office space.

All this seems to add up to the kind of club-in-the-closet persuasion on prices that Sawyer is using to curb inventory buying—at least for a month or two, until policy can be established. After that, you can certainly look for some

specific price-wage ceilings on basic commodities such as steel and wool.

• The Pros—There's little prospect that price-wage policy will take shape earlier. There's too much political, social, and economic dynamite involved.

Mobilization arbitrator Stuart Symington and his National Security Resources Board have heard all the arguments pro and con. Symington reportedly leans toward the procontrols views of Sawyer and the military; but not enough to try to ram them down Valentine's throat.

The military's complaint is understandable. Since it took its budget to Congress last spring and summer, prices of materials that go into arms have skyrocketed. Defense Dept. spokesmen say its appropriations dollars now will buy 20% less than they anticipated.

Sawyer agrees. He also sees the mounting cost of defense equipment snowballing across the economy as it expands for greater production.

• The Cons—On the other hand, the Council of Economic Advisers feels that wage-price controls are not necessary yet. The sentiment in CEA is that higher taxes, credit controls, and allocation of scarce materials will do the job.

Other Truman advisers are not even sure the wage-price provisions of the Defense Production Act are workable. They think the President should wait for Congress to come back, then demand that it knock out the present wage-freeze provisions of Part IV. These require wage and salary ceilings made subject to price control.

These officials argue that you can't freeze the steel worker's wages and let the cost of his food and clothing go on up. Furthermore, a lot of industries can take price ceilings without freezing payrolls; profits in many industries have far exceeded wages since Korea, especially in critical materials.

This dilemma explains why Truman took so long to fill ESA's top job. No one wanted it. Until Valentine accepted, the White House staff was frantically searching for candidates.

• Qualified—The 49-year-old educator had several qualifications to recommend him. Valentine is now a liberal Republican. However, in 1940 he headed the National Democrats for Willkie organization. He knows his way around in both politics and business. He has long been a director of several companies, including Bausch & Lomb Optical Co., Freeport Sulphur Co., Buffalo, Rochester & Pittsburgh Ry., and Security Trust Co. of Rochester.

He also knows government. Paul Hoffman selected him as chief of the Netherlands mission for ECA in 1948. That job won him recognition as a good government administrator. It also got him some bureaucratic enemies, who remembered him as a "hell raiser."















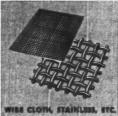














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#### BUSINESS BRIEFS

Natural-gas hearings to decide who will serve New England (BW-Sep.30'50, p76) wound up in a stalemate. The Federal Power Commission ruled that neither Algonquin Gas nor Northeastern Gas had submitted plans that met the test of public convenience and necessity. Both companies are readying new proposals.

State price fixing on natural gas was upheld by the Kansas Supreme Court. The case involved the right of the Kansas Corporation Commission to fix the wellhead price of natural gas. Affected are wells in the Hugoton field, the world's largest.

A customer-credit company was set up by Joy Mfg. (mining equipment). It will have a capital of \$2-million and will purchase all instalment notes on sales of Joy machinery.

Transcontinental through trains are being talked about in the railroad industry. One of the plans for coast-to-coast passenger service involves the New York Central and the Santa Fe. Another links the Pennsylvania with the Union Pacific.

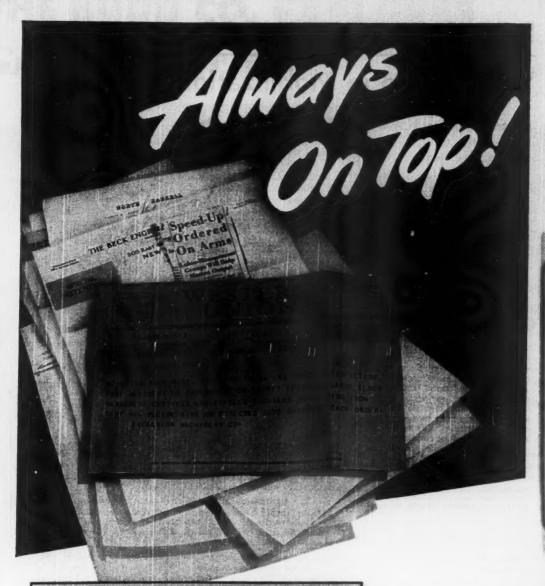
Auto Prices: Studebaker marked up the tag on 1951 Champions by \$50 but shaved prices on its more expensive Commander series. The Commander cuts ran from \$60 to \$175 . . . . Willys posted increases ranging from 2% to 8% of list.

Buick, which is bucking for third place in auto sales, announced plans for a large new plant at Flint, Mich. The factory is slated for operation in 1952 and will probably be used for engines.

The Don Lee network of 41 West Coast radio stations (mostly affiliates) will probably be sold to Hoffman Radio Corp. Hoffman was high bidder last week with an offer of \$11.2-million for Lee properties, including the net; all are being sold in an estate liquidation.

Polish tubes, not apples: DuMont says its personnel department will soon be using an electronic brain to select emplovees for promotion. The process is ten times faster than methods commonly used," DuMont stresses.

Shoes will go up again in price in the first quarter of 1951. Weir Stewart, president of the National Shoe Manufacturers Assn., says the increase will match the rise since Korea (50¢ to \$1.50 a pair at wholesale). Reason: climbing leather costs.



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## DEFENSE BUSINESS

## Who's Who in Mobilization Controls?

There's a new crop of alphabetical agencies in Washington-with a roster of new names to know. Here they are.

By last week, the Administration had its mobilization-controls organization pretty well whipped into shape. The new regulating agencies are already recognized by their initials. Their areas of responsibility are more or less clearly defined. And most top posts have been

For the next little while, these are the men industry representatives will be calling on for interpretation of

control decrees.

• NSRB: Arbitrator-Top agency under Truman is the National Security Resources Board. Its chief, W. Stuart Symington, isn't yet the mobilization "czar" that Donald Nelson was during World War II. But Symington is cer-tainly co-equal of the cabinet chiefs to whom Truman parceled pieces of the controls job. His main function is as an arbitrator to resolve disputes between the cabinet agencies.

At present NSRB is not an operating agency or even, strictly speaking, a boss of operating agencies. The industry experts on the board are not directly connected with any specific controls program. Instead, they are there to advise

Symington in settling disputes. Here is the lineup at NSRB:

arene of the mineral .	
Chairman	W. Stuart Symington
Vice-Chairman	Robert L. Smith
Resources & Requirements.	Glenn E. McLaughlin
General Counsel	Charles H. Kendall
Production Office	Frank H. Shields
Materials Office	Spencer S. Shannon
Energy & Utilities Office	Edward Falck
Mannower Office	Robert L. Clark

• NPA: Wheelhorse-There are now five important operating agencies. Four of them are directly responsible to Cabinet officers. The most all-embracing is the National Production Authority under Commerce Secretary Sawyer. With only a few exceptions (chart), NPA's industry divisions will be passing down the decisions on who gets how much in material and components.

Except for three or four top men, all present NPA staffers are veteran Commerce Dept. personnel (chart). Administrator William Henry Harrison came to the post from American Tele-phone & Telegraph Co. where he is

Deputy Administrator Ireland, a native of Iowa, spent 23 years as an

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engineer with AT&T in New York City, left as a vice-president of Pacific Tel. & Tel. to take the NPA post.

Charles E. Kohlhepp, assistant ad-ministrator of NPA, is president of Wisconsin Public Service Corp. He served on the War Production Board during World War II.

• Fuels, Minerals, Power-Interior Dept. Secretary Oscar L. Chapman has responsibility for fuels, minerals, and electric power. Chapman has directed the petroleum industry advisory com-

mittee, National Petroleum Council, to find a top man to run controls on petroleum. But Chapman will keep the top title as Administrator of PAD (Petroleum Administration for Defense). The industry-nominated oil controller will report directly to Chapman.

In the meantime, Hugh A. Stewart, a regular Interior Dept. staffer is setting up house for PAD. Stewart has two industry consultants helping him: J. R. Parten, and J. Howard Marshall.

Chapman will also head up MEA

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(Minerals & Energy Administration), which will run the rest of Interior Dept.'s controls program. He hasn't yet decided whether he will have one deputy over solid fuels, metals and minerals, and electric power, or whether he will have a deputy for each of these divisions reporting directly to him.

At present his electric power agency under MEA is being organized by a regular Interior Dept. staffer, D. L. Marlett, assisted by industry consultants: Richard K. Lane, C. B. McManus, Charles A. Collier, Chandler W. Jones, and Daniel V. McNamee.

MEA's metals and minerals agency is being organized by James Boyd. Dan H. Wheeler is shaping up the solid fuels agency, with Charles W. Connor as industry consultant.

• Foods and Fibers—Charles Brannan's Dept. of Agriculture will handle its responsibilities through its existing Production & Marketing Administration. PMA, Agriculture Dept.'s only controls authority, will cover foods and unprocessed raw textile fibers. Agriculture isn't planning on using many of its control powers.

control powers,
PMA's administrator is Ralph S.
Trigg. Under Trigg are: F. Marion
Rhodes, Office of Requirements and
Allocations; L. B. Taylor, Office of Materials & Facilities; H. I. Dunkleberger,
Program Staff; J. Murray Thompson,
Price Staff; and Leonard R. Trainer,
Food Distribution.

• Transportation—The only operating agency not under cabinet control is the Defense Transport Administration, which was set up last week. It is headed by ICC Commissioner James K. Knudson. Knudson, a 44-year-old Utah Republican, was appointed to ICC last April.

DTA's functions will be similar to those of World War II's Office of Defense Transportation. It will supervise priorities and allocations of domestic transportation, storage, and port facilities. This involves rails, trucks, and inland waterways chiefly. Air transport, pipelines, and shipping will be supervised by Gen. Fleming, undersecretary of Commerce for Transportation.

Knudson expects to exercise his controls much as Col. J. Munroe Johnson of ODT did during the last warthrough the Assn. of American Railroads, the trucking associations, and other industry groups that have long worked closely with ICC on regulatory problems.

It's expected that DTA will make use of as many existing facilities of ICC as possible to avoid work duplication. The staff will probably remain small. Knudson has said he will announce its members in a week or so.

Knudson himself has already begun to tackle the problem of the freight car shortage.



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## Crackdown on Housing

Government's new Regulation X puts a stiff curb on mortgage credit, mainly by increasing down payments on all except lowest-price houses. Toughness is tipoff to other controls.

Regulation X-the government's longawaited curb on mortgage credit-hit the housing industry this week.

It is a stiff curb, almost brutal.

The drastic increases in down payments that Regulation X prescribes will knock an army of potential home buyers out of the market. It is certain, also, to slash the number of housing starts by more than 30% next year.

· Deliberately Tough-That is Regulation X's primary purpose: to reduce the number of housing starts from this year's record 1,250,000 to 800,000 or 850,000 in 1951. And as far as possible, the government wants to make the cut by indirect means-rather than hard-toadminister direct controls.

So the tough terms are no accident. Moreover, the Federal Reserve Board and the Housing & Home Finance Agency, which were given control over real estate credit by the Defense Act, are guided by this principle: It's better to crack down hard at first, then ease up if conditions warrant; a soft start with a threat of more restrictions later only results in starting a stampede and adding to inflation.

For the FRB, at any rate, this line is a reversal of policy. In issuing its curb on consumer credit last month, the board tried the gradual approach. Since then, no instalment dealers have been screaming for relief. But the FRB regards that as evidence that the consumer credit restrictions aren't taking

• Tipoff-The toughness underlying Regulation X is a tipoff to what is in store for consumer credit. It may also foreshadow the kind of policy other defense agencies may follow in administering controls over industry. Tight production restrictions will certainly be needed to make sure that materials released by the curtailed housing program will not be lost to the defense effort.

• Coverage-The new mortgage controls will cover:

(1) All one- and two-family houses sold after Oct. 12 with Federal Housing Administration or Veterans Administration financing.

(2) All one- and two-family houses started after Aug. 3, regardless of how their sale is financed.

The only sales to escape this net will be houses started before Aug. 3 and sold with conventional financing (private credit not insured by FHA or VA). This type of sale was excluded from control legislation-because the main

object was to cut down future building. The only reason for applying controls to old houses is to keep their prices from getting completely out of line with new homes.

Federal Reserve and HHFA are already working on restrictions on multifamily rental units. And, later on, curbs on construction credit for industrial and commercial buildings are due to be ap-

plied, too.

· Old Rules-The terms laid down in Regulation X are stiff in comparison with what home buyers have been used to-especially for houses costing over \$6,000. Under the old rules, a prospective home owner could get FHA to insure the mortgage on a house costing up to \$6,000 for as much as 90%; if the house cost between \$6,000 and \$20,000, he could get an 80% guarantee. In addition, VA would guarantee for an ex-GI an additional mortgage of as much as \$4,000. So, in some cases, veterans were getting mortgage money for 100% of the purchase price. More-over, both FHA and VA have been quite generous on appraisals in the past

• New Rules-Under the new rules, the nonveteran buyer of a house costing less than \$5,000 will have to put up only 10%. But for a more expensive house, the percentage required for the initial payment rises progressively with the value of the dwelling.

Here is how the new down payments

are computed:

Property value	Minimum down payment
\$2,500-\$5,000	10%
5,000- 9,000	\$500 plus 35% of the excess over \$5,000
9,000-15,000	\$1,900 plus 40% ex- cess over \$9,000
15,000-20,000	\$4,300 plus 80% excess over \$15,000
Over 20,000	\$8,300 plus 90% ex- cess over \$20,000 but

of value

Veterans get a substantial break, as the Defense Act directed. The down payment on a home costing \$6,000 or less must be 5% or \$250, whichever is greater. For a dwelling priced up to \$12,000, vets get about a 10-percentagepoint advantage over buyers using FHA or nongovernment financing. But the advantage diminishes as the dwelling's price rises above \$12,000; it is only five percentage points for homes costing \$15,000 or more.

This is how the old and new per-





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centages will compare for mediumpriced houses:

Cost of home	Down payment June	Down payment now
Nonvet (FHA) \$ 7,000	10 %	17.1%
Vet 7,000	0	7.1
Nonvet (FHA) 10,000	12.5	23
Vet 10,000	0	1.3
Nonvet (FHA) 15,000	20	28.7
Vet 15,000	0	23.7

• Maturities—Besides raising down payments, Regulation X also tightens up maturities. Homes costing below \$7,000 get 25 years, but those priced above this figure must be paid up in 20. While conventional mortgages didn't have to be amortized before, they now must be paid off at a rate of 5% a year until 50% of the home's original cost has been repaid.

The new regulations embrace all forms of financing—not just first mort-gages. In other words, a buyer can't meet the down payment on a new home by borrowing on a second trust or a personal loan. He must declare all borrowing undertaken at the time the home is financed. A false declaration can bring a fine of \$5,000 and a year in prison.

Regulation X won't affect purchases or transfers of old homes that weren't built with government financing—unless the buyer wants an FHA loan to help him get it. And a buyer could still go to the bank and put up his home as collateral for a personal loan with no interference from the FRB or HHFA.

#### Stepped-Up Draft Won't Hit Men Over 25

Here's a handy guide for employers who are wondering what the draft will do to their workers. It sums up the present thinking of selective service officials:

The over-35s aren't going to be drafted at all. Those in the 26-to-35 bracket won't be called in any "fore-secable future." But just about all the 19-to-25s will be drafted if they are physically fit.

The armed services want 300,000 draftees in the next six months, as a big step toward the ultimate goal of 3-million men under arms. After that, selective service figures it will need about 100,000 men a month just to hold the 3-million level.

The whole pressure will be on the hale-and-hearty under 26s. Exemptions for young men with dependents are pretty certain to be lifted. And next, Congress will be asked to lift the exemption now granted by law to World War II veterans. Even now, very few of the younger men are getting occupational deferments.



## OF PROGRESS

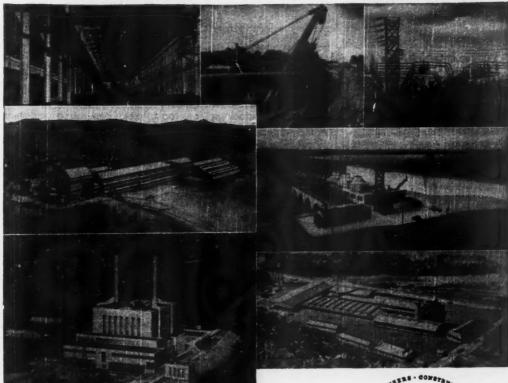
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materials over a much larger ground area, adjacent to our yard tracks, then can be utilized when handling materials withlocomotive cranes." Lorain rubbertire mobility is the reason.

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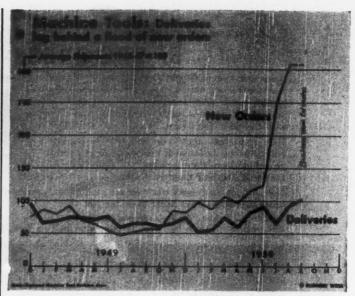
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# Stampede for New Machinery

Big backlog of orders is building up as all types of businessmen rush to stock up on tools, dies, generating and textile equipment. Skilled labor shortage slows production.

Just about every businessman in America is out trying to buy himself an extra machine. At least, that's the way it looks to the machinery manufacturers; they have been snowed under by new orders ever since Korea.

• To Beat Priorities—The armament program itself hasn't had much to do with it directly. Many of the machine builders don't have a single defense order. But that fact in itself is one reason why so many companies are rushing to buy machinery now—they want either to get delivery before the government imposes priorities or to get a good spot on producers' delivery schedules, which will help when priorities are set up.

There are other reasons, too. One is the desire to beat price rises—some machine-tool builders, for instance, have already hiked prices by 5% to 10% since June 25. Then there's the need to cut production costs in the face of fifth-round wage boosts.

The auto industry has been rushing ahead on what it fears may be its last retooling until the emergency is over. A lot of smaller plants are trying to convert to war production in advance, like the carpet manufacturer who wants new looms to make duck.

• Hoarding-And finally, there's a general feeling that you can't go wrong

buying heavy machinery now, particularly types that already had big backlogs. Buyers figure they're pretty sure to need some of the stuff two or three or four years from now, even though, at the moment, they have no idea where. So they're putting their orders on the books just in case.

As a result of all this, as early as August new orders were coming in three or four times as fast as the machinery could be produced and shipped. They leveled off there last month; in some industries they even declined a bit. • No Real Slackening-But there's no evidence of any real slackening anywhere. And it doesn't look as if there will be any time soon. Government spending for new equipment will start rolling in high gear soon; new facilities for planes, tanks, and ordnance will require extensive tooling. And there's an extra prop in the five-year-amortization feature now allowed by the tax laws. The cost of machines big enough to go on the capital budget and bought for defense work can be written off in five years instead of 10 or 20.

• Speedup Difficult—So new orders for industrial machines are likely to keep coming at double or more present output rates. And that's the one feature of the boom that has many of the machinery makers worried—because, de-

spite their best efforts, they're finding it hard to boost production. The reasons are what you would expect: lack of manpower and lack of materials, in that order.

On manpower, a BUSINESS WEEK Survey this week got answers like these: "The shortage keeps us from hiring skilled and semiskilled workers that we would add if they were available"; "We're working two 55-hour shifts now and we'd like to add a third, but we can't get the men"; "We could use 500 more skilled and semiskilled men, but they aren't to be had."

 Materials—Shortages of materials were more spotty. Some companies reported no serious problems yet; one shrugged it off with: "Nothing except the common shortages of steel and copper." Those two metals are the big worries now; aluminum and bearings were also mentioned by a couple of firms.

The boomingest of all the machinery industries is machine tools (chart, page 38). Orders have skyrocketed: In April, the new-orders index compiled by the National Machine Tool Builders Assn. stood at 98.9% of the 1945-47 average of shipments; in August, it was 307.3%. And Business week's survey indicates that it held at about that level in September.

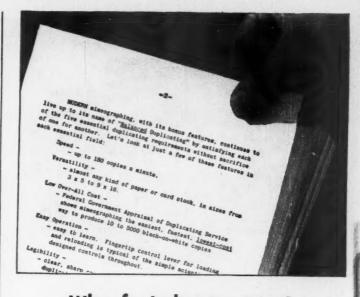
• Big Backlogs—Production, of course, has nowhere near kept up with orders. Shipments in August were 93.7% of the 1945-47 average: September was maybe 10% higher. As a result, the average order backlog of the entire industry is up from five months at the end of June to nine months today; it's much longer on intricate, hard-to-build tools.

The industry is doing its best to boost output further. It's running longer shifts-up to 50 hours a week in many cases, to 60 in at least one. It's adding extra shifts whenever the manpower is available-which isn't very often. Several builders have gone back to the wartime practices of hiring women and of giving quick training courses to fit inexperienced new men to do semiskilled jobs.

Other machinery industries haven't had so big a rush of new orders as the machine-tool builders. But they're all booming. Here's the way things look in some of them:

Tool and die shops—Mostly up to their ears in work; orders two to three times a year ago. Biggest business from auto and TV industries. Skilled workers extremely scarce.

Electric generating equipment—Even before Korea, manufacturers were booked solid into 1952, because of the power companies' big postwar expansion programs. These were supposed to taper off next year. But electric utilities find power use growing faster than even the most optimistic estimates, so they're pushing expansion plans ahead several



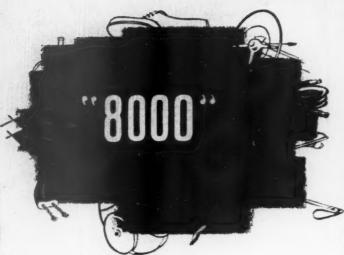
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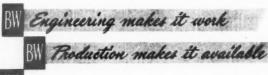
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years. Result: Equipment makers now have orders as far ahead as 1955.

Textile machinery—Boom is spotty; biggest surge in wool: Backlogs in some cases doubled between June and August. Even so, one maker reports his backlog today only 10 months compared with 22 months a year ago. There's some feeling that the rush is already over.

Materials-handling equipment—Back in the first quarter, standard-model factory trucks could be had-for immediate delivery. Orders started to pick up in the second quarter; Korea speeded the rise. Result: Backlog is now three to four months. Industry expects big new spurt in orders once government contracts get started.

Precision tools—Demand up sharply since Korea; backlog now 110 to 120 days. Possibility of a real shortage by next spring.

#### First in Line

Malleable iron castings industry gives Washington its own mobilization plan remembering World War II woes.

In World War II, the malleable iron casting industry had a rough time. Partly through its own smugness, partly through faults in government planning, the industry was left at the post and never get completely into the running.

never got completely into the running. Even so, malleable iron castings provided vital parts for tanks, trucks, guns, and bombs. In some cases, they were used as substitutes for scarcer metals; in others, they were the first choice.

 One of First—This time, the industry is taking no chances on a bad start. Its mobilization plan—one of the first produced by any part of the iron and steel industry—was delivered to the Munitions Board in mid-September.

Washington spokesman for the industry is Lowell D. Ryan, managing director of the Malleable Founders Society, which represents 75% of the industry. The appointment of Ryan, in June, 1948, marked the beginning of malleable iron's drive to get its story told to the right people in the nation's capital, something that never happened in World War II.

 Promotion—Ryan began giving the industry's own smugness a terrier shaking. Then he got busy letting industry in general know about the manifold uses of malleable iron. That chore finished, he turned his guns on Washington.

From his efforts sprouted the mobilization plan now being studied by defense planners. The report began by recounting the misfortunes of the earlier war. Government officials gave high



#### Unloading Ore ... 17 Tons at a Bite

The mechanical giants with the mighty arms and huge scoops for fists are ore-unloaders, so large that even the ore-carrying vessel below them is dwarfed by comparison. The unloaders lower the open scoop into the hold of the ship, bring up a 17-ton load, and dump the ore into a car that takes it to the storage piles, ready for the blast furnaces. Three of these unloaders working as a team at Bethlehem's Lackawanna, N. Y., Plant unload a 12,000-ton ore vessel in six hours.

Everywhere you turn in a large modern steel plant you see amazing machinery making short work of heavy tasks that formerly meant back-breaking human toil. Often these machines, like the ore unloader, are of colossal size, for efficient steelmaking demands operations on a vast scale: big plants, equipped with a great variety of huge, powerful and costly production tools.

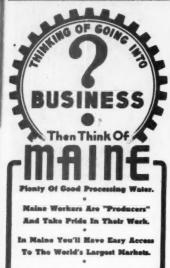
Large-scale mechanized steelmaking does more than save incalculable human wear-and-tear and drudgery. By increasing efficiency, it produces steel at lower cost. It is one of the reasons why steel is available to the consumer at an average price that is less than 5 cents a pound—lower than the cost of any other metal.

#### BETHLEHEM STEEL



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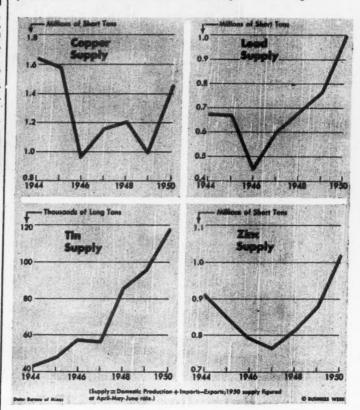
MAINE DEVELOPMENT COMMISSION ate House - Augusta 1, M priority to steel, magnesium, and aluminum, and to military end products; they forgot malleable castings were necessary in a long list of essential products as components. So it was not till the end-product producers yelled for malleable castings that Washington woke up to industry's importance. By that time manpower had been lost, and most of the malleable founders had shut down for lack of supplies. It was a mess to get them back on their feet.

Now the 100 companies that operate the 113 malleable iron plants are determined not to lose their manpower. Their report points out that the industry has a capacity of 1,195,681 tons a year, which could be boosted another

172,320 tons. (Present production is at a 900,000-ton rate.)

• Manpower—To reach capacity, the industry has informed the government, it would need 32,469 production workers, 6,699 molders, 2,463 coremakers, and 759 pattern makers. In raw materials, it would need 373,137 tons of malleable pig iron, 34,000 tons of foundry grade pig iron, 118,000 tons of silvery or silicon pig iron, 628,000 tons of steel scrap, and 391,000 tons of malleable scrap iron.

To maintain a peak labor force and to keep its foundries running, the industry asks to be allowed to keep its civilian production high until defense orders begin to filter through.

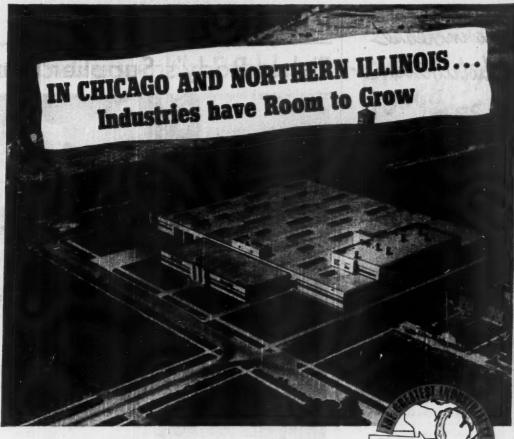


## Record Supply Warns of a Shortage

The lines on these charts all point up-to an increasing shortage of basic metals. The highest point in each of them represents new supplies available as of the second quarter, according to Commerce Dept. estimates. This shows that the civilian boom—even before Korea—had stimulated production of these metals to a point even higher than the wartime peak. Mines and

smelters were operating at capacity.

Now Korea-and the mobilization program—is putting an even greater demand on metals. The ceiling on supply no longer depends on the price. It is determined by how much more ore can be dug out of the ground or lured from abroad. Figures for the second half are likely to show that metals supply has hit that ceiling.



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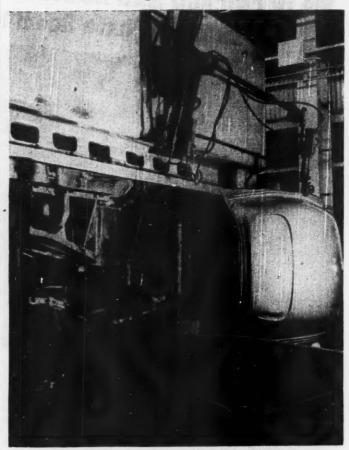
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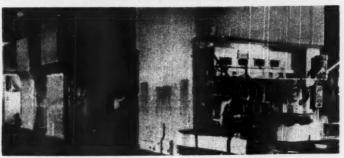


# PRODUCTION

# distribution Fisher Body's Supplier Plant



IRON HAND in the Fisher Body plant at Pittsburgh picks a completed car roof out of the press. Hand is synchronized with press, flips the piece over onto a waiting conveyor.



STRAIGHT-LINE battery of presses produces quarter panels-sections of body sides. Presses shape the form, trim, make cutouts, prepare piece for welding into solid steel body.

# **Licks Subassembly Problems**

Pittsburgh setup is near steel mills, well located for its "customers," geared for precisely timed production.

There's a tough triple problem facing every maker of a product that consists of important subassemblies made in satellite plants.

• The supplying plants must be near raw material sources.

 The plants must be centrally located for shipment to assembly points.

 They must have an efficient production layout to assure a precisely timed flow of subassemblies to the "customers."

That's quite an order. But General Motors Corp.'s Fisher Body Division has pretty well beaten all three angles in its new setup at Pittsburgh, close to the steel supply.

This week GM let outsiders get a peek at its new layout, where operations are just getting out of the shakedown stage. The 800,000-sq. ft. plant is located on a 68-acre site. It ships 115 carloads of stampings a day to its "customers"—the five automotive divisions of the corporation. Its products include panels, roofs, fenders, flooring, front ends—all made from sheet steel.

• Two Departments—Fisher has divided the Pittsburgh operation into two major departments. The first specializes in making large stamping dies and related tools. The second does the actual fabrication. In the layout of the plant, Fisher Body engineers combined the latest in high-efficiency equipment with a straight-line continuous flow of materials. This assures the timed delivery the "customers" must have to keep their own plants going without the stoppages and slowdowns that raise unit costs.

For example, sheet steel moves from blanking and shearing, through press

working operations, welding departments, and subassembling. It winds up on built-in loading platforms that can handle 36 freight cars at once. Even the freight cars are special: They have fittings and racks for handling the stamped assemblies with a minimum of space-waste.

• 169 Presses—The plant has 79 major presses ranging in capacity from 600,000 to 2.2-million lb.; 90 smaller presses range from 64,000 to 260,000 lb. The assembly department has 85 production machines.

In equipping the plant, Fisher's engineers made extensive use of new gimmicks like the Sahlin "iron hand" (BW-Oct.30'48,p63). Fisher has one of the latest in the field: a hand capable of picking up a complete car top and lifting it out of the press. The hand, synchronized with press movements, does away with heavy manual labor, prevents damage to the formed piece.

Scrap handling is also simplified, with a combination of underground convevors and a closed-TV system. The method replaces old-fashioned handling in gondolas used in most steel processing plants. Scrap from the 13 press lines slides down chutes to the conveyor that runs practically the whole length of the plant. At the end of the conveyor line, the scrap piles into a metal basket. When the basket is full, it dumps into a baler that transforms the strips of steel into a solid mass of metal. From the baler, the metal travels on another set of conveyors to a slide that feeds the baled material into waiting freight cars.

The scrap system is expedited by



ON TV SCREEN, scrap baler operator can watch freight car being loaded with scrap at far end of plant. He moves the car by remote pushbutton control so it is loaded evenly.

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intraplant TV. This allows the operator at the baler to watch the gondola scrap car on the railroad track outside the building. The TV camera, located on the building roof, is focused on the discharge end of the baled scrap conveyor. The camera is connected by coaxial cable to the baler unit inside the plant.

By watching his monitor screen, the operator at the baler can tell when the car must be moved forward to fill evenly. He moves the car himself from a pushbutton control station in the baler area. The control is set so that it can be operated from either of the two balers within the plant. The installation uses 900 ft. of coaxial cable.

Ordinary Antifreezes Are Ample, Tests Show

Most auto owners can save money and still get cold-weather protection if they stick to regular-priced antifreezes this winter, according to du Pont Co. Only under certain conditions should an owner fork over extra dollars for

 premium-priced grades of antifreeze.
 Began in 1933-Du Pont bases these tips on exhaustive research program that

began in 1933 and covered antifreezes

of all types.

Du Pont's tests show that for four out of five cars now on the road, standard-priced antifreezes give more than adequate protection. Higher-priced grades are necessary only under the following conditions:

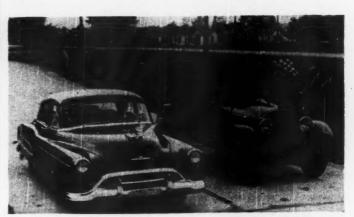
• In autos equipped with thermostats that are adjusted to get higher temperatures out of their heaters.

• In sections of the country where the thermometer dips lower than -30F.

• In unusually high altitudes. For the past 17 winters, the firm's researchers have studied antifreeze performances under actual road conditions in hundreds of cars.

Come springtime, chemical analyses of the radiator solutions were made. Losses of antifreeze, it was found, resulted largely from leaks and after-boilnot from ordinary evaporation.

• Heat Tests-Tests were also made to find out how du Pont's standard-priced antifreeze performed at high temperatures. With different engine loads, air temperatures were raised to scorching levels. Standard-priced antifreezes gave cold-weather protection without warmweather boiling in a range between 140F and 160F, for which most auto engines are adjusted.



# The Biggest Changes Don't Show

Everybody assumes that today's cars perform better than cars did 20 years ago. By a series of tests, Ethyl Corp. has tried to figure out just how much better-and how much gasoline has improved, too. Two of the cars that Ethyl used for the test were a 1950 Oldsmobile (left) and a 1921 Cadillac (right). The old Caddie, with an engine compression ratio of 4.5 to 1, burned 1925 fuel at a rate of 13.8 mi. per gal. Using today's gas, the new Olds-with an 8-to-1 compression ratio-got 24.2 mi. per gal. Some of this improved performance was due to a better designed car, and some of it was due to better gas and better engine construction.

To find out where the credit belonged, Ethyl took another 1950 Olds and cut its compression ratio down to 4.5 to 1. Using 1925 fuel, this car got 15.7 mi. per gal.or 1.9 mi. per gal. more than the old Cadillac. That margin, says Ethyl, is due solely to improved chassis design. The far greater margin-of 8.5 mi. per gal.-that the high-compression Olds using today's gas had over the low-compression Olds using 1925 gas, is due to better engine design and better gasoline.

# Economic Realities of Pensions

Rew social objectives have such a strong humane appeal as that of security for the aged. But the task of providing such security is one of tremendous magnitude, and the steps taken to accomplish it can have immeasurable effects for good or evil. To do the job successfully will require hard-headed realism and due respect for economic and mathematical facts. Overshooting the mark could have disastrous results. The basic aims must be soundly conceived and steadfastly adhered to, and at the same time the methods of financing and administration must be adaptable enough to meet the changing conditions that are sure to arise.

Above all, it must be constantly borne in mind that there can be no adequate provision for the future without a stable currency. It takes a pension of \$168 a month today to buy what \$100 bought in 1940. How much will it take in 1975? The United States cannot pursue military programs, foreign-aid programs, subsidy programs, public-works programs, and social-welfare programs that combine to produce a chronically unbalanced budget without causing a progressive currency debasement that will make any form of social security illusory.

During the next few years the forces tending to depreciate the buying power of the dollar will be very strong. An adequate sense of social responsibility and enlightened self-interest will require all groups, and organized labor most of all, to combat these forces in every possible way. This is a time when union leadership can serve the interest of labor, as well as the public interest, by supporting

a balanced Federal budget and avoiding wage and pension demands that defeat their own purpose by leading to further increases in the cost of living.

The strong emotional appeal of the idea of preventing poverty-stricken old age has apparently caused many people to lose sight of some of the economic realities involved. A pension plan seems to be commonly thought of as a humanitarian plan. This may be true in a sense, but not in the sense that it gives the employee something for nothing. A private pension plan is, in the final analysis, merely a plan of compulsory saving.

Another economic reality in connection with pensions is that, with very minor exceptions, the goods and services consumed by pensioners must be supplied at the current expense of the workers who produce them. An individual or a limited group can "save" for future consumption. The economy as a whole can do no such thing, except to a very limited extent by foreign investment. The food, clothing and other things consumed by a pensioner cannot be taken from a stockpile accumulated during the forty or more years of his working life. They must be currently produced by others. Pensions, therefore, are like taxes in that there is a limit beyond which we cannot go without fatally weakening the incentive to productive effort.

—From the latest issue of THE GUARANTY SURVEY, monthly review of business and economic conditions published by the Guaranty Trust Company of New York. The complete issue is available on request to our Main Office, 140 Broadway, New York 15, N. Y.

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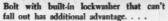


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Tightening is easy because conical recess in bolt end helps center bolt on screw.

# Short Cut to Tight Assembly

Pre-assembled nut and lock washer is designed to do the job of two separate parts. They're the latest member of Shakeproof's large family of special fasteners.

Nuts and bolts, washers, and fasteners are minor items dollarwise in the cost of industrial and consumer goods. But the durability of the finished product, and the cost of assembling it—be it an auto body or radio chassis—are directly related to the efficiency of the little devices that hold it together.

All kinds of ingenious gadgets have been developed: spring clips, lock washers, screws of special design and shape. Three outstanding devices—the toothed-type lock washer, the thread-cutting screw, and the pre-assembled screw and lock washer—are engineering developments of Shakeproof, Inc., a division of Illinois Tool Works, Chicago.

• New Member—Next week Shakeproof will add a new member to its family of fasteners. It is a pre-assembled nut and lock washer, a single fastener designed to do the job that now requires a separate nut and lock washer. Shakeproof has built up substantial stocks of the new devices, which it will sell under the name of Keps. It is prepared to give immediate delivery in popular sizes. Three exhibits will be staged: Oct. 26 in Philadelphia, Nov. 1 and 2 in Detroit, and Nov. 7 in Chicago.

Advantages claimed for Keps over separate nut and lock washers are that they will speed assembly operations, climinate waste through lost lock washers, and insure proper fastening. Lock washers cannot be carelessly omitted in assembly.

• Machinery—As with its earlier fasteners, Shakeproof found its real problem was in designing machines to turn out Keps in quantity. Company officials aren't talking about machine design. However, the company will follow its usual policy of licensing manufacturers to make Keps and will supply necessary machinery on lease.

• Research—Shakeproof developed Keps as a part of a broad program of research in the problems of fastening things together. The company does more than design basically new fastenings; it adapts them—or devises others—to suit the special needs of users. This involves not only study of products but often redesign. Several years ago Shakeproof bought three automobiles and had its engineers tear them down. The whole assembly was analyzed right down to methods of attaching wiring, accessories, door handles. Auto makers have adopted many of the suggestions that the engineers made.

• Closely Held—Shakeproof is a maker of precision metal-cutting tools, particularly gear-cutting tools such as hobs. Illinois Tool, the parent company, is a closely held concern, largely management-owned. It was organized in 1912 with funds provided by Byron Laflin Smith, then president of Chicago's Northern Trust Co. He was interested in setting up a business where his sons could get a start.

One of those sons, Solomon A. Smith, is the present head of Northern Trust and a director of Illinois Tool. The president of Illinois Tool, Harold Byron Smith, is his nephew.

The Shakeproof division got its start in 1923, with the toothed lock washer. Today, development and sale of fastenings are considerably more important dollarwise than is the tool-cutting business on which the firm was originally founded.



This is one maxim that certainly applies in the case of Torrington Needle Bearings. The list of Needle Bearing users reads like a "Who's Who in American Industry." There's no better proof of the soundness of engineering embodied in Needle Bearings than their excellent performance in thousands of famous-name products.

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## Cheaper Steel

Allegheny Ludlum's stocklisting move hints that continuous casting may at last become a practical production method.

Continuous casting has been a century-old dream of the steel industry: It offers cheaper steel through the climination of costly equipment. But engineers have always hedged on the practical difficulties of the process.

• Stock Listing—That's why the steel industry pricked up its ears when word got around of a new stock listing in Wall Street two weeks ago. Allegheny Ludlum Steel Corp. (BW—Sep.30'50, p28) applied to the New York Stock Exchange to list 10,000 additional shares of its common\_stock. Purpose of the issue: to buy a 35% interest in Continuous Metaleast Corp.

With this disclosure that Allegheny Ludlum was interested in continuous casting of steel, engineers began making educated guesses on the process. Mention in the Wall St. deal of Irving Rossi, owner of the Metaleast process, was enough to steer their hunches. And it's a safe bet that Allegheny Ludlum is aiming to get continuous casting into commercial practice for both carbon and alloy steel.

 Practical Difficulties—Actually, there's nothing new about continuous casting. It's a method of putting hot metal into one end of a cooled mold and getting a finished shape out of the other end. But it's been slow in reaching a point where it is practical for production.

• With Brass—So far the most successful application of Rossi's process has been at Scovill Mfg. Co., a founder and prefabricator of brass (BW—Dec. 17'50,p38). At Scovill, molten brass is fed into a continuous casting machine and comes out in continuous strips, 24 in. wide, 2½ in. thick. The strip—which travels at a rate of about 16 in. per min.—is finally cut into 2,000-lb.

bers about 10 ft long.

Continuous casting with brass, a nonferrous metal, is one thing, but doing the same thing on steel is another. Brass and most of the nonferrous metals have low melting points. So it isn't too difficult a job for an engineer to design a cooling assembly that converts brass from a molten to a solid state as it rolls through the casting machine.

High Melting Point—Steel, on the other hand, has a high melting temperature. And the cooling device must do a faster job to cast steel continuously at a speed that's practical and economical.

Republic Steel Corp. learned that much when it sponsored an experiment (BW-Aug.28'48,p21) in continuous casting of steel with Babcock & Wilcox Tube Co. eight years ago. Slowly the project went from an experimental to a development state. Originally Republic and B&W tried a mold that produced billets of steel with a cross-section of about 27 sq. in. The latest word to come out of B&W's shop at Beaver Falls, Pa., is that the 27-sq.-in. mold has been replaced with a new mold with an area of about 48 sq. in. Ultimately the area of the mold may even be doubled.

• Quick Cooling—To cast continuously at a speed that is economical and that meets the demand of the market, the cooling system must act equally fast. And to prevent scale formations on the alloys and carbons, which are sensitive to air, some method must protect the surface of the cast strip from the time it is molten until it chills to a cold state.

In cooling their molds, both Scovill and Republic-B&W have used large amounts of fast-flowing water. To prevent a reaction between the atmosphere and the molten metal, steel casting uses an additional device, a blanket of argon, an inert gas. Argon isolates the red-hot steel from the air, cuts down the formation of scale on the surface of the steel.

If, and when, Allegheny Ludlum takes the wraps off any process that it may have in the works, the design of its casting equipment won't raise the eyebrows of too many steel men. The industry is already familiar with the technical problems that must be licked. It expects the answers to be surprising only in their simplicity.

#### PRODUCTION BRIEFS

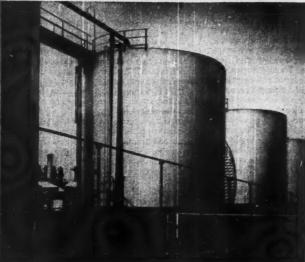
Helium demand, heightened by new uses for helium welding, has led Bureau of Mines to reopen its helium plants at Amarillo, Tex., for limited production. The plants can turn out 36-million cu. ft. of the gas a year.

A military-trainee TV set made by Trad Television Corp., Asbury Park, N. J., has a 30-in. by 40-in. screen for use in war-training centers.

Du Pont has opened a laboratory for research and development work in photographic films and processes. The company plans studies of X-ray equipment, and techniques in graphic arts.

A single FM channel can carry multiple broadcasts by a system developed by Multiplex Development Corp., New York City. Teletype messages and facsimile transmissions are also adaptable to the system.





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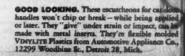


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Leaderall moulded plastic units are hung, section by section, on adjustable tie rods at any desired distance from present ceilings. Light source is simple fluorescent strip with reflectors. They give an absolutely even ceiling, with all structural remodeling costs avoided.

Write for Full Information and Complete Leader Catalog Blectric Company 3500 N. Kedzie, Chicago 18, III lectric-Western: 800—100th Ave., Oakland 3, Cal. nabell-Leader, Ltd.: Brantford, Ontario, Can.

**Boat the High Cost** of Building



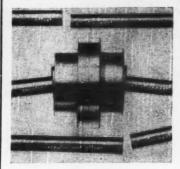
Y DU'LL save time and money by getting a law-Knox Insulated Building. Standard, pre-assembled panels are complete and ready to set up. They are simple to erect, easy to main-tain, can be enlarged or moved to meet future expansion needs.

ALL STEEL . FACTORY INSULATED . LOW INITIAL COST . LOW COMPLETED COST . . LIPETIME SERVICE

USE FOR ANY PURPOSE—Stores, Markets, Garages, Gas Stations, Offices, Factories, Warehouses, Schools, Theatres, Farm Buildings, hundreds of other uses.

BLAW	I-KNOX
I AM INTERESTED I	N A BUILDING TO BE USED
APPROXIMATE SIZE	
ADDRESS	
CITY	CTATE

### NEW PRODUCTS



#### Flexible Coupling

Rotating shafts are generally connected with a flexible coupling when-ever there is a possibility that shafts aren't on the same axis. For example, there's a flexible coupling in your car between the transmission and rearwheel driving shaft because the rear axle moves up and down as the car travels. The problem with a flexible coupling is twofold: efficiency in transmitting torque, and ability to handle wide angles of misalignment.

Ajax Flexible Coupling Co., Inc., claims its coupling unit is highly efficient and handles angular misalignments up to 7 deg. Inside the coupling, a central gear carries the torque from the motor shaft, transmits it to the wheel shaft. If conventional designs of gear toeth work at an angle, they wear out along their edges. But the Ajax gear teeth are sloped equally on each side (engineers call them dihedral gears). Thus flat gear sides mesh rather than the edges

The coupling has positive oil seals that keep lubrication in and dirt out. It is adaptable to compressors, internalcombustion engines, dredge pumps, and pulverizers. The coupling is available in bores from 18 in. to 5 in. and capacities from 12 hp. to 350 hp. AFC also makes special models for handling misalignments up to 12 deg.

• Source: Ajax Flexible Coupling Co.,

Inc., Westfield, N. Y.

#### Pneumatic Tree-Trimmer

Trimming trees is three fourths aerial gymnastics. For the other one fourthactual trimming-J. T. Henry Mfg. Co. has a compressed-air power shear with a trigger device. The shear, called Silver Giant, speeds up branch clipping, reduces worker fatigue.

Operating with 125-lb. air pressure, Silver Giant reportedly cuts 2-in. hardwood branches in one stroke at the rate of 25 strokes per min. It's made of lightweight aluminum alloy with jaws of tempered steel and comes in lengths from 3 ft. to 10 ft. Henry says the shear increases worker production 300% to 400%

· Source: J. T. Henry Mfg. Co., Hamden, Conn. Cost: \$95.

#### Tough Furniture Finish

U.S. Industrial Chemicals, Inc., is now making a plastic-resin finish for wood surfaces, called Aroflint, that can take heavy service. It is hard and flexible, and resists chemicals and solvents -even acetone.

Based on a French formula, called Pyrolit, Aroflint contains a resin of the thermosetting phenolic types. It has a natural pale color, and can be pigmented to a variety of colors.

The finish resists burning alcohol and nail polish without smudging. Hard objects won't mar it because Aroflint bends under impact. And severe changes in temperature won't crack it.

The finish comes in kit form, with the resin and accelerator separate. The accelerator makes the resin fast-drying at room temperatures. At present, USIC is marketing Aroffint exclusively to paint and varnish manufacturers for processing. They, in turn, will sell Aroflint to commercial users for direct

use on wood products.

• Source: U.S. Industrial Chemicals, Inc., 60 E. 42nd St., New York 17. Cost: Between \$5.50 and \$6.50 per gal. (from paint and varnish manufacturers).

#### Your Battery Diagnosed

Myriatron Corp.'s Detecto-Cell fits under a car or truck dashboard, tells the driver the condition of his battery. When one of the battery cells goes-or is going-on the blink, the light indicators dim and show that trouble's

The unit consists of a chrome-plated shell, housing three indicator lights and a control switch, plus battery connections. To operate, you flick on the switch, step on the starter. The battery is all right if the three lights dim equally. If all lights go out, the voltage is low, and a recharge is needed. One or two dimmed lights mean trouble in these cells. To check water level, you switch on Detecto-Cell while the car is moving. You need water if the lights dim or flicker.

Myriatron says the unit is easy to install and uses less current than an electric clock.

· Source: Myriatron Corp., Pontiac, Mich. Cost: \$5.95.

#### **NEW PRODUCTS BRIEFS**

The Chip-Tote conveyor, developed by May-Fran Engineering, Inc., 1680 Clarkstone Rd., Cleveland 12, removes hot or cold metal chips from automatic or multiple-spindle machines during operation.

Set-screw connectors for electric wires can handle up to 600 v. You strip wires, insert ends in sleeve, and tighten screw. Made by Ideal Industries, Inc., Sycamore, Ill.

An adhesive-tape remover releases surface tension between skin and tape, comes in 2-oz. and 4-oz. "squeeze" bottles. Made by Patron Chemical Corp., 8506 Sunset Boulevard, Los Angeles 46.

Gulfspin, a spindle oil for textile machinery, reportedly reduces friction and power consumption, while leaving spindle blades and bolsters clean. It's made by Gulf Oil Corp., 17 Battery Place, New York.

A magnetic tape recorder from Ampex Electric Corp., San Carlos, Calif., has a 15,000-cycle range, records at 7½-in.per-sec. tape speed. Advantage: two hours of material on a single 10-in. reel.



#### For Men Who Are Shot At

This gentleman is risking his life to back a product—a bulletproof cigarette case. He's Bernard Spooner, head of Spooner Armor Co., 50 Broad St., New York City, which makes bulletproof vests. The cover is fine-grade leather, but underneath there's armor plate to withstand all kinds of walloping. Mr. Spooner thinks the \$5 case is a good gift for men in the service.

Armstrong-Blum Manufacturing Co. has been a Sweet's client for eight years. Sweet's distributes 12,000 copies of their 28-page Marvel Saw catalog in the industrial field. "We accomplish two important things by having Sweet's service distribute our MARVEL Saw catalog. First, Sweet's gets our catalogs into the hands of thousands of our best prospects in the metal-working industries. Second, we know that it will always stay in their offices, ready for them to use whenever they think of metal saws. "It is impossible to foretell when and where each future customer will turn up, so we use the Sweet's method to make it as easy as we can for any prospect to get full information on our line of MARVEL Saws. We find that this gives us a much better chance to get the order, both with and without personal contact of our field men. "This plan of catalog distribution also gives us fast action returns from our business-paper advertising. In our advertisements, we refer the reader to our catalog in Sweet's File, where he can get further information on MARVEL Saws at the very moment our advertisement came to his attention and interested him." HARRY J. BLUM, Vice President & Treasurer Armstrong-Blum Manufacturing Co. Sweet's handles more catalogs than any other organization-in 1950, over thirtyfive million copies for 1,148 manufacturers. When your catalog is distributed by Sweet's, it is delivered to prospects of top-rank buying power in the markets of interest to you. Furthermore, your catalog remains in the office of each recipient, instantly accessible at all times. This is accomplished by distributing it in a

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Fuller adhesive specialists have yet to make any earth-shattering discoveries. But consistently they come up with new ideas-new adhesives, uses, methods. They can do likewise for you. Relay your wants, and problems, to a Fuller plant. Or call in a field man from the Fuller plant nearest you for on-the-spot service.



H. B. Fuller Co. St. Paul 2. Minn Kansas City 6, Cincinnati 2, Atlanta, Chicago 47, San Francisco 3

## ANTITRUST

# Triple Damage Hits Movies

Film makers have run into barrage of civil antitrust actions. Latest to file is Eagle Lion, which wants \$15-million in damages from Loew's, RKO, plus injunction against eight major distributors.

The movie business today is in the midst of one of the biggest changes ever in its distribution setup. And it's a change that antitrust-not Hollywood policy-has shaped.

The shift is partly the product of decisions in the government's 11-yearold divorce action against the major film companies (BW-Jun.24'50,p26). But it also stems from a wave of civil antitrust suits-triple-damage cases brought by theater men all over the country. The two are materially changing the industry's historic pattern for routing pictures to the public.

· New Attack-Last week the eight oldline major companies found themselves face to face with another triple-damage blast. This time the suit, a \$15-million action, came from one of their fellow distributors, Eagle Lion Classics.

ELC's charge was primarily aimed at the RKO and Loew's circuits. (Loew's is the theater-holding parent of Metro-Goldwyn-Mayer.) The two control the first-run booking situation in New York and, says the ELC complaint, conspire between themselves, and with the other major distributors, on division of films between the RKO and Loew's circuits. They further conspire, Eagle Lion claims, to give products of the major companies preferential runs and clearances. So, says ELC, its pictures are denied access to important neighborhood theaters.

• No Surprise-- A suit against the RKO-Loew's booking setup came as no surprise, although movie men hadn't expected Eagle Lion to be the one to bring it. The industry has known for months that the Dept. of Justice has been gathering data on the situation. Besides, at least one of the big independent circuits in the territory (Century) has long been threatening court

Eagle Lion's move, however, fits in with the sort of company it is. A heavy money loser two years ago, it has had to fight steadily to reach a point where now it is on the brink of profit making. · Young's Baby-Eagle Lion Classics is the successor to Eagle Lion Films, a company set up in 1946 by Robert R. Young as subsidiary to his Pathe Industries. Although no one foresaw it, the company got into movie production and

distribution at about the worst possible time. Picture-making costs had soared, and when the box-office slide began in Iune, 1947, the whole production structure became uneconomic.

As head of Eagle Lion, Young had picked William C. MacMillen, Jr., a 37-year-old lawyer, who had been Young's general assistant. One of Mac-Millen's earliest moves was to vank EL out of the production business and to shut down its expensive studio operation. He turned it into a purely distributing company, handling for a fee (generally from 25% to 35%) the pic-

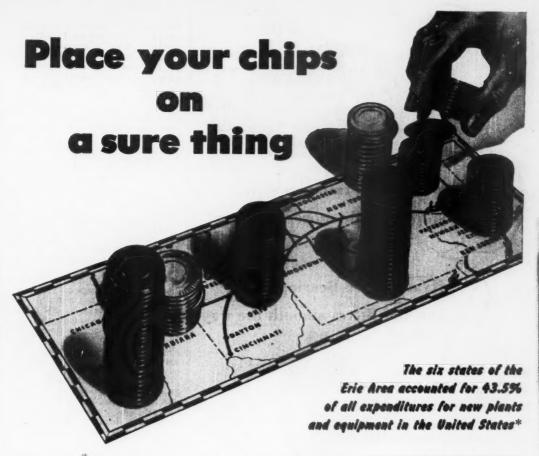
tures of independent producers.

No Formula—That in itself was a dubious format for money making, as United Artists had proved during 31 rocky years. The companies that made money on handling outside films were those like Columbia and RKO that financed the pictures and thus got a piece of their profits. MacMillen knew this. His aim was to push Eagle Lion into the financing field once he got far enough ahead of current operating costs to amass a reserve for picture invest-

For a few short weeks during the past summer, MacMillen thought he might be coming close. He had ELC grossing about \$50,000 a week in film rentals beyond the approximately \$240,000 it needs to break even. That gave it a net of about \$15,000 a week-while it lasted. But the gains, as MacMillen admits, were almost wholely a fluke.

· Merger-EL had entered into negotiation for merger with Film Classics, another unprofitable independent distributing company. The hope was that by cutting duplicating overhead and amalgamating the number of films available for distribution, the two might turn the combined operation into a profit. A new corporation was set up, Eagle Lion Classics, which was to be jointly owned by: (1) Pathe Industries, (2) Joseph Bernhard, a former Warner Bros. Theater president, who was the principal stockholder and operator of Film Classics, and (3) a syndicate headed by a former Young crony, Wall Streeter David Baird. It was to advance S1-million in operating capital to the new company.

Bernhard, however, apparently was



IF you are looking for the right spot for a plant, you should take a good look at the Erie Area.

These six states have such an overwhelming lead in manufacturing— 45% of all the United States—that the other statistics are correspondingly good.

The Erie Area accounts for 34.27% of the population, 40% of the national income and about ½ of the retail trade. Skilled labor, as you

would expect, is plentiful, because of the many opportunities in the area.

To top all this, you are served by the dependable Erie Railroad that connects with other railroads north, south and west and with the famous harbor of New York.

Our experienced personnel will be glad to help you find the right spot for your plant in the Erie Area—the area that has the best of everything!

# Here's how to get action!

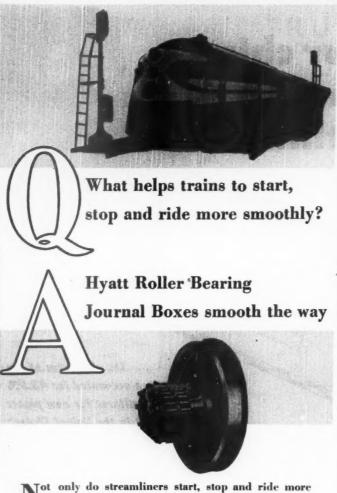
Send an outline of your requirements and preferred location to: Mr. A. B. Johnson, Vice President, Room 502, Midland Building, Cleveland 15, Ohio. All information will be held in strict confidence.

\*Source: Census of Manufacturers, 1947 Report MC100-8



# Erie Railroad

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Not only do streamliners start, stop and ride more smoothly, but they travel faster and safer with Hyatt Journal Boxes.

Diesel locomotives and passenger cars on many of the best known name trains roll on Hyatts.

Some of these Hyatt Journal Boxes have round-tripped over three million miles with no time out for a major repair. Passengers certainly appreciate the added riding comfort.

Hyatt invites railroad officials to ask for the facts. Hyatt Bearings Division, General Motors Corporation, Harrison, New Jersey.

HYATT ROLLER BEARINGS

never able to fulfill his end of the agreement to the satisfaction of the other two parties. The deal fell through. A trustee was named by the court to conserve the assets of FC. With nowhere else to go, producers and owners of the pictures that were being distributed by FC handed them over to MacMillen.

Many of the producers and owners received urging from Edwin Van Pelt, vice-president of Chemical Bank & Trust Co., New York, which had in-

vestments in them.

 Hypo—This unexpected windfall gave EL a pleasant lift. At the same time, MacMillen found himself with a readymade new corporation—Eagle Lion Classics. He decided to transfer all EL's assets to ELC and start afresh, with the parent Pathe assuming responsibility for EL's liabilities.

When the gold rush from the unique merger petered out, ELC found itself in the same old hole. And in that lies at least part of the reason for last week's

suit.

• Tight Market-The New York situation that ELC is complaining about is as rigid as any in the country. As set out in the ELC brief, the RKO and Loew's circuits refuse to engage in competition with each other for the product of any distributor. Additionally, the distributor defendants are charged with agreeing on a noncompetitive division of their films in the area. Under this, RKO theaters get the films of the RKO producing company, of 20th Century-Fox, Warner Bros., and half of the product of Universal-International. Loew's gets Metro, Paramount, United Artists, and the other half of U-I's

Large blocks of theaters in each of the Loew's and RKO chains play the same picture at the same time. A certain number of days after the two circuits have finished with them, the pictures go down to independent chains in the area in another definite pattern. Blocks of them also play the same product simultaneously—or day-and-dates as it is known in the trade.

• Cause of Death-This, ELC complained, is directly responsible for having forced its predecessor. Eagle Lion, out of business. Unless the picture is changed, ELC says, it faces the same fate. The alleged monopolization by Loew's and RKO means loss of a market that is capable of producing 14% or more of its national gross.

Exclusion of ELC has damaged it to the extent of \$5-million, it claims. So it is asking treble that amount from the Loew's and RKO circuits in accordance with antitrust laws. The conspiracy is said to go back "some time prior to 1944" (there's a six-year statute of limitations on this type of action).

From the distributors-RKO, Metro, Paramount, 20th Century-Fox, Univer-

sal, United Artists, Warner Bros., and Columbia-Eagle Lion wants no money, but injunctive relief. It asks that distributors be restrained from channeling their pictures exclusively to RKO and Loew's prior-run neighborhood houses (theaters that have the first run on a film after it leaves Broadway). It wants all neighborhood houses to have a shot at the films. The idea, of course, would be to pull some of the major releases away from the chains and thus open up time at the chains for Eagle Lion films. The ban against exclusive booking should continue, Eagle Lion says, until there is a sufficient number of independent competing houses to force a competitive market for ELC films.

Eagle Lion also asked the court to stop simultaneous bookings of an RKO picture in two or more RKO houses and a similar restraint on Loew's with respect to Metro pictures. And Eagle Lion is asking for an injunction prohibiting any new theater acquisitions or sales that would eliminate competing

outlets.

• Exclusion-MacMillen declared, simultaneously with the filing of the suit, that the defendants had been acting in violation of edicts of the Supreme Court in the industrywide antitrust suit. He added: "One would have expected that in the face of such a decision the law would be respected, but such has not been the case in metropolitan New York. Contrary to repeated promises of reform, Loew's and RKO have by their persistent collusive practices continued to virtually exclude independently pro-duced pictures from the New York market."

• No Tears-Actually, all the defendants except RKO and Loew's would probably be as pleased as MacMillen to see the whole New York booking setup broken down. For the area has all the makings for developing into a fiercely competitive arena with theaters bidding against each other for films. This would mean vastly higher rentals for the dis-

tributors.

A similar situation existed in Chicago, where Paramount's subsidiary, Balaban & Katz, exercised booking control. As the result of a court decision (the famed Jackson Park case), the Chicago situation has been completely revolutionized and distributors are getting considerably better revenues.

• Hard Hit-Whether or not the Eagle Lion suit shakes up the New York booking situation, this much is certain. The suit is just one more headache for the beleaguered major companies. Before ELC went to court, Variety, the enter-tainment weekly, had reported a total of 112 private antitrust actions against the film companies. In mid-September alone there were eight new actions, which may possibly cost the film companies about \$13-million.

Story of an Unhappy Company President (with a happy ending)

Once upon a time there was a Com-

pany President. He had a nice little organization that did a couple of million bucks worth of business a year. Or used to. But things were getting tough. He was having trouble making deliveries on schedule. What's more, profits were getting smaller and smaller each

And the stockholders were all upset. No dividends.

The Company President was getting unhappier and unhappier. Fi-nally he got mad. "I'm going to find out what in the blank blank is wrong with this blank blank place right now!" he yelled to himself. (Practically scared his secretary to death!)

So, he started through the plant. He saw men lifting big boxes and heavy cartons. He saw how slowly highway trucks and railroad cars

were being unloaded. He saw wasted time where the production line was waiting for materials.

Boy, if that didn't start him thinking, though! He rushed back into his office and phoned a battery-electric truck salesman who had been recommending trucks for umpteen years. Come on over here right now and help me straighten out this blank blank situation!" bellowed the Company President.

Quick as a wink, that truck salesman was there, and together they went through the plant. The sales-man showed the Company President how battery-electric trucks would save time, cut out delays, make work easier for the employees, and save money in the long run.

He told the Company President how clean the trucks were, no fumes, no dirt; how dependable they were, a minimum of maintenance, low-cost operation; how safe they were, how easy to operate.

Well, the company bought four trucks. Everything the salesman promised came true. The Company President got very happy. Business picked up. Orders were delivered on time. Profits climbed. The stockholders at the next Annual Meeting



elected the Company President Chairman of the Board, too! And they all lived happily ever after.

Have YOU taken a good look at your material-handling situation at your material-nanding situation lately? Is it in blank blank shape? Are you unhappy? Our new "Handbook of Material Handling with Industrial Trucks" will help solve your blank blank problems. It costs \$1, but responsible company officials will get a copy free by writing us a request on company stationery.



# NORTH CAROLINA



Whether you sell to industry or consumer, North Carolina is the top market of the 12 Southern states east of the Mississippi.

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1st IN RETAIL SALES— \$2.294.535,000 (1949 Sales Management)

1st IN NET INCOME— \$3,487,827,000 (1949 Sales Management)

1st IN FARM INCOME— \$809,026,000 (1949 Sales Management)

1st IN MANUFACTURING SALES— \$4,497,300.000

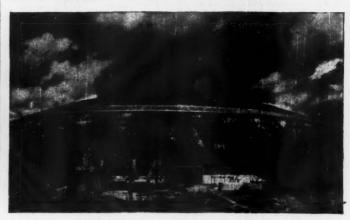
(1949 Manufacturers Record)

Long the hub of the booming Southeastern market, North Carolina is within 500 miles of New York, Buffalo, Detroit, Cleveland . . . 400 miles of Philadelphia, Pittsburgh, Cincinnati, Louisville . . . 300 miles of Baltimore, Washington, Norfolk, Atlanta.

To get the facts from the State that offers you "Relative Isolation With Maximum Accessibility to Major Markets," address: Room B-18, Department of Conservation and Development, Releigh,

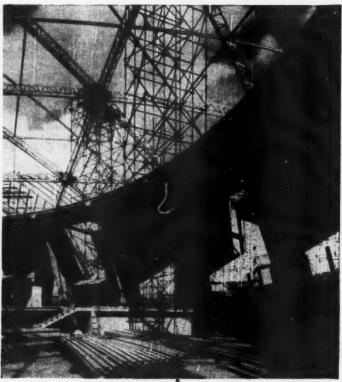


# CONSTRUCTION

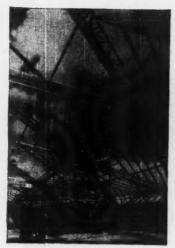


THIS FOREST OF GIRDERS will be the "Dome of Discovery," main hall of the Festival of Britain fair which opens next year. The dome will be 342 ft. in diameter.

# Biggest Dome Built for



MASONRY WALLS of the exhibition hall have a diameter of 260 ft. The huge structure will house exhibits telling the story of British civilization.



TUBULAR STEEL struts carry the main girders of London's giant dome.

# Britain's Fair

Strange and wondrous looking buildings are rising swiftly in tradition-bound old London, on the south bank of the Thames. When they are completed, they are going to house the 1951 Festival of Britain, a tremendous world's fair, the theme of which is the continuing story of Britain's contribution to civilization.

• Modern Note—Nowhere is the modern note stronger than in the "Dome of Discovery," with its wide-spreading aluminum dome (above). British engineers say that its 342-ft. diameter will make it the largest dome in existence anywhere in the world. The dome of St. Peter's in Rome has an interior diameter of 136 ft.

A steel ring girder, approximately 50 ft. above the ground, will carry the dome. The ring girder itself will be supported on tubular steel struts, which look very much like the ropes of an enormous tent.

• Canopy—Under, and inside, the dome will be masonry walls of the building proper, providing an exhibition space 260 ft. in diameter. Outside these walls, the dome will extend like a canopy—75 ft. out in the side of the entrance, decreasing to only 15 ft. on the opposite side.

The festival's other unusual structures will include the Vertical Feature, a 200-ft. aluminum pencil suspended 50 ft. above the ground; Sea and Ships, an open lattice hall of steel, concrete, canvas, and aluminum; and the concrete tetrahedron of the Raw Materials Building.



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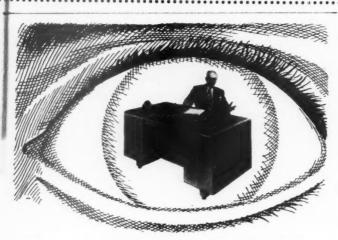
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Master Craftsmen of Steel Office Furniture

## Pacing the Boom

This fall it's industrial construction, which already has topped the best previous full year in history.

Upsetting New Year predictions, industrial building has turned out to be the leader of the construction boom this fall.

• War Did It—At the beginning of the year, the estimate was that industrial construction in 1950 would fall perhaps 10% behind 1949. And for the first several months, it looked as though the prediction would hold. Figures compiled by Engineering News-Record, a McGraw-Hill publication, show that contracts were awarded during the first 10 weeks of the year at the rate of \$18.7-million a week; at the end of those 10 weeks, total awards for the year were 5% behind 1949.

But ever since then—and particularly since Korca—the pace has gathered speed. Contracts awarded in August averaged \$44.3-million a week; in September, \$55.7-million a week. Awards in the first week in October were \$64.4-million. And the total for the first 40 weeks of the year is just short of \$1.2-billion—bigger than any full year in history.

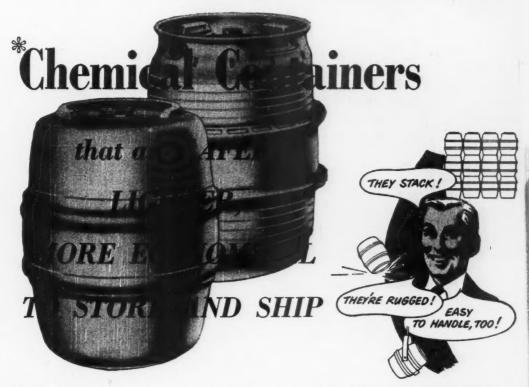
While contract volume has been mounting, the backlog of proposed industrial building has been rising, too. The backlog of announced plans is \$4.9-billiou, 11% ahead of a year ago.

• Standings-Among the major industries, metalworking registered the largest increase in contract awards. Total for the first nine months was \$106.6-million, a 206% increase over last year. The largest volume of awards during the period came from the chemical industry; the nine-month total was \$351.4-million, up 47% over 1949. Powerplant construction, at \$196.5-million, is 7% below last year's level.

The leading state over the first nine months was Texas, with \$142.7-million. Yet that figure falls some \$3-million short of its record for the first nine months last year. Texas also leads in the volume of proposed industrial building, although this total, too, is slightly below last year's.

• Best Performance—Over-all, the South has made by far the strongest showing; its \$297-million of contracts for the nine months is \$10% ahead of last year. In the Far West, the picture is exactly the reverse. There, awards are down 64% this year, from \$163-million to \$58-million. New England awards are also down sharply, from \$34.7-million in the first nine months of 1949 to only \$16.5-million this year.

## Another of the Jobs\* that Stainless Steel does BEST



POR YEARS and years, commercial acids and other "bad" chemicals were shipped in glass carboys protected up to the neck by unwieldy wooden crates. At very first glance, you will see how these modern stainless steel chemical containers were vast improvements in strength, safety and ease of handling, but there were other important advantages.

For one thing, each stainless drum holds 25% more acid by volume than a carboy, yet weighs some 10% less when filled. The saving in freight rates alone, every time the drum is shipped and returned, is more than 30%. In addition, the stainless container is designed to self-stack, solidly and securely. A two-high stack of drums, compared to unstacked carboys, gives you about three times as much gallonage per square foot of floor space in a freight car, truck bed or warehouse.

Like so many other applications for Allegheny Metal, therefore, these chemical containers are important to the national economy. Stainless steel is a vital material, both in essential industrial uses and in the building of armament.

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Over-scale wages lure Los Angeles workers, Laborshort builders bring suit against union and high-pay contractors.

If you want to see what happens to a wage agreement when the labor squeeze is really on, take a look at Los Angeles. On some housing projects in the sprawling California city, carpenters are swarming like bees around the honeycomb. Other projects are descrited.

Cause for the feast-and-famine setup: premium wages. Carpenters turn a fishy eye at \$2.20 an hour-the agreed scale -when they can get \$2.50 or \$2.75.

· Government Action-Have-not builders are feuding with the haves-and the carpenters. They've brought a \$15-million damage suit, secured a court injunction. There's even talk of asking the federal government to take a hand against labor pirating and over-scale wages.

Back in July, not four months ago, everything looked hotsy-totsy in the Los Angeles building world. The annual Master Labor Agreement to cover the trade had just been signed, pledging among other things the \$2.20 an hour scale for carpenters. Parties to the agreement were:

• For the contractors, the South-em California Chapter of the Associated General Contractors of America, and the Building Contractors Assn. of California. Between them they represent builders doing about 80% of the construction work in Southern California. And they claim, in practice, also to speak for the remaining independent contractors in the annual nego-

• For labor, the Building & Construction Trade Council of the AFL, representing the six basic building trades, including the carpenters.

 Master Agreement—As they slapped their signatures on the Master Labor Agreement, AGC and BCA officials thought happily of plenty of labor for the coming year. But the ink was barely dry before carpenters began flocking away from some projects and to others. Premium pay was the lure; and the premium-paying builders won a clear advantage in the rough-and-tumble tract-housing business. They had plenty of labor to jam through projects before dwindling supplies of materials ran out. Their competitors got no labor.

AGC and BCA took one look at this unhappy turn of events and promptly brought their \$15-million damage suit. They named this imposing list of defendants: the United Brotherhood of Carpenters & Joiners of America, Actna



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## Knowlton Brothers



WATERTOWN, N.Y.

KAMARGO MILLS . MANUFACTURERS OF PAPER SINCE 1808 Construction, Inc.-one of the cobuilders of the 17,150-home Lakewood tract (BW-Scp.970,p52)-the Home Builders Institute, Inc., and 40 individual builders, all members of HBI.

 Conspiracy Charge—The damage suit charges a conspiracy to break the Master Labor Agreement. The carpenters union is accused of refusing to clear workers to builders who stuck to the \$2.20 wage.

The plaintiffs say that the defendant contractors approached the Master Labor Agreement with tongue in cheek. They knew, it is charged, that the carpenters were dissatisfied with their \$2.20 rate, and the defendants knew that, if they offered above-scale rates, the union would furnish carpenters to the defendants and withhold them from the plaintiffs.

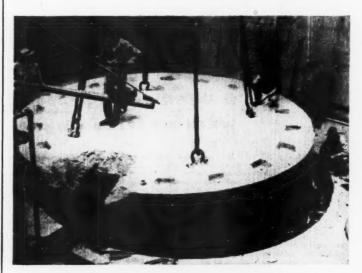
The suit charges that the defendant contractors knew that the carpenters would call a "strike" against the plaintiffs. In fact, the men did walk off many \$2.20 jobs. But the union claims that this was not a strike; the union maintains that the men were exercising their legal right to refuse, as individuals, to work for \$2.20.

• Injunction—Strike or no, the plaintiffs in the suit also got an injunction to stop it. The court ordered the carpenters to live up to the terms of the Master Agreement, to refrain from cocreing workers who accept the scale. The order was cold comfort for the plaintiffs; for the carpenters can—and do—still refuse, as individuals, to work at the scale.

With the suit still pending, BCA has sought solace in another direction. Its Board of Directors drew up a resolution asking the Veterans Administration to withhold higher appraisals from speculative builders who have paid over the scale. But at least one building industry spokesman doesn't think even this would do any good. He says the only way to stop labor pirating is for the VA and the Federal Housing Authority to recall every loan commitment made to the high-pay builders.

• To Pay or Not to Pay?—The plaintiffs are not agreed on what they hope to accomplish by the suit. A BCA spokesman says his group will be happy if the action ends the pirating. If that happens, money claims will not be pushed. But Cap? M. Gould, attorney for AGC, says many members of both groups want actual damages.

A further complicating factor is the makeup of the defendants. About 30 of the 40 individual builders named are members of either BCA or AGC as well as of the defendant HBI. And HBI itself is on record against labor pirating; perhaps half of its members have refrained from exceeding the scale. By the end of the trial, the number of defendants may be halved. Marshall Tilden, BCA president, says the suit is aimed chiefly at a handful of specula-



#### Pulling a 57,000-lb. Stopper at Hoover Dam

When the powerplant at Hoover Dam was finished, back in 1936, there were a lot of big holes left in the floor. They are emplacements for turbine-generator units, to be added as the project expands. Workmen

took the cover off this one to install a 70,-000-hp. turbine. The cover was a stout one: 18 ft. in diameter, 18 in. thick, weighing 284 tons. It had to be tough; it served as part of the powerhouse floor for 14 years.

tive builders; they form perhaps 1% of the trade, though their large tract building makes up a substantial chunk

of production.

• Not Included—The court that granted the "strike" injunction added another complication. It ruled that contractors who are not members of AGC or BCA are not parties to the Master Agreement. AGC and BCA both contest this; they claim that by custom, begun in 1941, their contracts have covered the whole industry. A BCA spokesman says that one of the principal aims in pressing the damage suit was to establish that the annual agreement is binding on all builders as well as on all carpenters.

• Plasterers—The carpenters aren't the only construction workers in the above-scale squabble, though they are the only ones in court so far. Plasterers are getting as much as 50% over the scale, according to William Colhoun, secretary-manager of the Contracting Plas-

terers & Lathers Assn.

If the situation doesn't end soon, it's going to add up to a massive headache for Los Angeles County citizens, according to W. D. Shaw of AGC. Shaw says the pirating has already stopped work on armories, schools, and flood-control projects. Ultimately, he says, it will add millions of dollars in taxes and higher house payments.

#### Building Men Urge Fewer Housing Starts

In time of national stress, anything can happen. In fact, it just did. Leaders of different branches of the building industry-famed for never agreeing on anything-recently got together on a program for meeting the present emergency. Top men among manufacturers, architects, home builders, mortgage bankers, and material dealers were represented. Their conclusions were unanimous.

 Nine Points—The occasion was a round table convoked by the magazine Building (formerly Architectural Forum). The end product was a ninepoint recommendation on what should be done in our mezzanine state between war and peace.

The building men suggested that gov-

ernment credit curbs should be used to curtail housing starts next year from their present yearly level of 1,400,000 to somewhere between 900,000 and

1-million.

At the same time, the builders expressed the fear that the curbs now on the books were already too tight. They predicted a drop to as few as 600,000 starts under present rules, which they said would be damaging to the national economy.





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#### GOVERNMENT

### P.O. Tries Again

Assistant Postmaster General Redding seeks to cut deficit by modernizing mail-handling equipment.

Assistant Postmaster General John M. Redding called in a PanAm official the other day.

"Are you designing new types of aircraft?" Redding asked.

"Sure," was the answer. "We've got plans on the board now for the type of ship we'll be using 25 years from now." "And I suppose," Redding went on,

"And I suppose," Redding went on, "you're making allowance in these planes for economical space for letter mail and parcel post."

"We're doing that," he was told.
"In that case," the assistant PMG said, "I'd like to see those plans."

The Post Office Dept. is putting that kind of pressure on designers of railway cars, too. It is one way the biggest shipper in the world is systematically trying to chisel into its annual \$550-million deficit.

• Two Projects—Redding is new at the job. He formerly was a member of the Democratic National Committee and of Gen. Bradley's public relations staff in the ETO. Postmaster General Donaldson appointed him only last month to supervise two projects: (1) a survey of existing vehicles for hauling mails and of blueprints of proposed railway and air-mail carriers; and (2) tests with new types of mail containers to replace the old pouches and increase mechanization in loading and unloading mail.

The container tests are being conducted in California. Right now the designers are working on a wooden pod or crate. The pod holds the equivalent of 14 mail bags. It's moved to the trainside by dolly and mechanically hoisted into the mail car. Findings so far: Cost of loading a car is reduced from about \$70 to less than \$20. Time savings: 45 minutes per car.

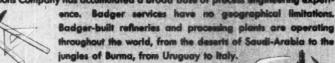
• The Answer?—Whether the projects will make real inroads on the huge Post Office deficit seems doubtful. But Donaldson hopes he may at least convince Congress that higher mail rates are the only answer.

Late next month he will have another reason for demanding either more appropriations or a rate increase. The railroads have asked for a 95% increase in the rates Uncle Sam pays for transportation of letter mail and parcel post. The Interstate Commerce Commission is scheduled to hear the case Nov. 27.

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ment, the Stone & Webster Securities and Service Corporations are readily available. The concentration of all these services in a single organization can mean not only a saving in time and effort, but often a more skillful and efficient job.

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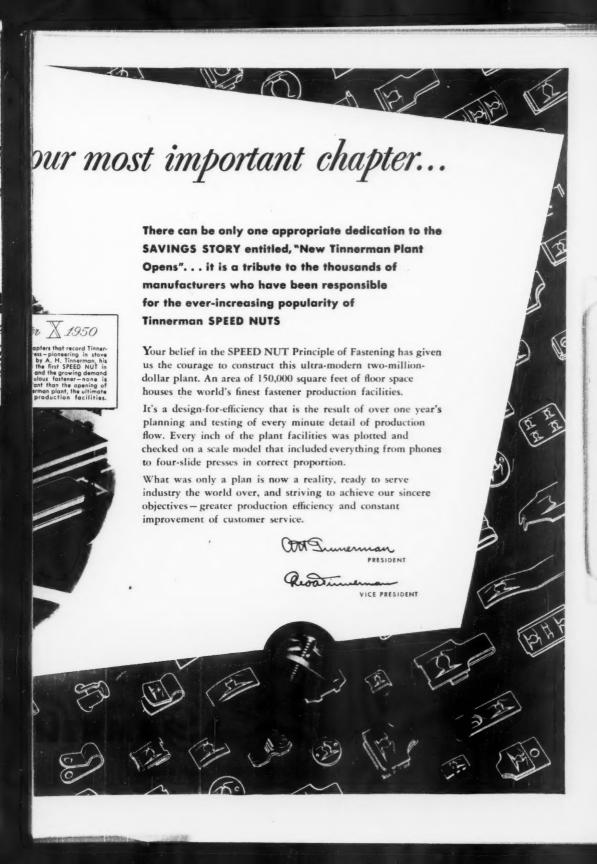


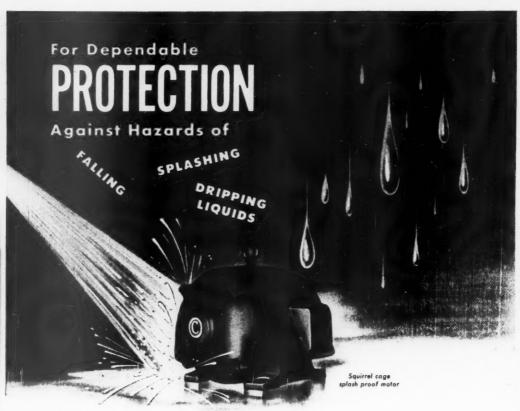
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## · Chapter XI?

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Ball Bearing motors are factory lubricated for several years normal service. Bearing housing construction permits easy relubrication when unusual service demands it.

### REGIONS

# Marking Time on Civil Defense

Truman is about to create a federal agency. Mayors are conferring. But real action waits until Congress provides a new law, money, and equipment.

There has been huffing and puffing on civil defense, but not much action.

Washington has put out its "blueprint"—a 149-page report, "United States Civil Defense," prepared by the National Security Resources Board. It's an updating and rewrite of the 1948 Hopley Report, And like the Hopley Report, NSRB recommends creation of a separate agency on civilian defense.

• No Appropriation—But there is no law on the books, and no money. Congress has yet to appropriate the millions, and maybe billions needed to help states and cities plan the shelters and store up the disaster supplies that would be needed if an atom bomb fell.

 Mayors Meet—This week some 200 mayors and municipal engineers met with NSRB chairman Symington to shake down NSRB's master plan, to talk about it in terms of the dollars and cents—mostly dollars—that Washington must ante up.

The mayors wanted to know so they'd have some idea about how much their own costs would be. The mayors are concerned about costs; all big U.S. cities are operating in the red (BW—Oct.7'50,p112).

But Symington couldn't answer the dollar question. He said planning must come before appropriations—a law before spending. Anyway, Congress will decide how much money will be put

expense—This much NSRB does know: A "perfect" defense would cost more greenbacks than the printing presses could run off. So civilian defense must be a program that fits into the military-spending program and stays within the nation's ability to pay.

The object is to set up protection on a minimum level in all possible "target" cities and have mutual-assistance agreements made with neighboring cities to tush supplies from cities not harmed.

 Action by States—A number of states has already taken the lead without waiting for Washington. California has earmarked \$400,000 for civilian defense, Massachusetts \$150,000, New York \$100,000, Connecticut, \$75,000, Louisiana and Minnesota, \$50,000, Colorado \$10,000, North Dakota, \$10,000.

Of course, those amounts get you little past first base-steps like setting

up Gen. Lucius Clay's staff in New York.

• Equipment—Washington officials did have this to assure the mayors: States will be helped in getting their civil defense preparations up to standard, either in cash, or in kind. NSRB figures the federal government should buy and give to the states the type of rescue and relief equipment towns usually don't buy.

In summary, the civil defense picture is this:

• An executive order from President Truman setting up a tentative federal civil defense administration is expected next week. It will function until Congress sets up a permanent agency.

 A bill for a permanent agency, introduced by Rep. Durham, is in the Armed Services Committee. Congress won't get started on this until January, 1951.

• Another bill, introduced by Sen. Lodge would set up a civil defense agency in the Defense Dept.

• States and cities are waiting for the federal government to clarify some points in the "U.S. Civil Defense" report.

 Some states and cities are going ahead with their own plans hoping to tie them in to the federal program when it is developed.

#### Treasury To Give States Lists of Tax Evaders

Tax delinquents are now in for a double dose of punishment—one from the federal government, another from the state.

Treasury agents have learned that the man who shortchanges Uncle Sam will usually hold out on his state, too—and vice versa. So the Bureau of Internal Revenue is working out agreements with state tax officials for exchanging information on evaders.

Right now, it is true, the law gives any state the right to examine federal returns. But the state has to ask for specific returns or take them in wholesale lots. And it has to foot the clerical and copying bills. Because of the



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trouble and expense, the states seldom make use of this privilege. Hence, evaders usually get off with federal penalties alone:

· Swap Lists-Under the new system, BIR will turn over at regular intervals lists of federal tax delinquents who are residents of the state; the state will do the same for the Treasury agents.

Here's how the system works: Suppose BIR discovers that a taxpayer has concealed \$3,000 in income. The bureau collects what is due plus interest and penalties, then turns the names over to the state. The state tacks the concealed income onto the amount the taxpayer has already declared, and sends him its own bill.

• On Trial-The plan has been on trial in Wisconsin and North Carolina since December. Hundreds of names are

being exchanged weekly.

Both federal and state officials are satisfied with the way the arrangement is working. So the agreements will be extended to the rest of the states as mechanical and clerical details are worked out.

#### Urban Whatsit

Ohio's New Boston thinks it has shrunk below 5,000 population, hence must be demoted from city status to a mere village.

Officials of the little Ohio municipality of New Boston are waiting patiently for the U.S. Census Bureau to complete its official count of New Boston noses.

Then they'll know for sure whether they're running a city or a village. • Steel Center-New Boston, a steel manufacturing center on the Ohio River near Portsmouth, has been a city for 20 years. But if the official figures come somewhere near the unofficial

count, it'll revert to village status. Under Ohio law, a municipality becomes a city when it has 5,000 residents. New Boston made it in 1930. Its population numbered 6,024 in the 1940 census, then dropped back to 4,750 in this year's unofficial count.

As a city, New Boston elects a mayor, treasurer, solicitor, four ward councilmen, three councilmen-at-large, and a council president, all for two-year terms, and an auditor for a four-year term.

• Shrinkage-If it reverts to village status, it stands to lose two councilmen. And it will also have to give up its safety-service director, and possibly its health and relief departments, which probably will be taken over by the county. The auditor will be replaced by a village clerk.

The transition won't come right away. The terms of Mayor Vernal G. Riffe

and the other two-year officers won't expire until Dec. 31, 1951. The city auditor's four-year term also expires then. They'll all serve out their terms. · Nothing to Annex-Ordinarily, the community might be able to annex enough outlying territory to reach the 5,000 total. But not New Boston. It's hemmed in on all sides. The Ohio River prevents expansion to the south, and the City of Portsmouth bounds it on the east, north, and west.

### Alias "Bugwort"

A poisonous weed is suddenly an important source of cash for New England farmers. It's basic to a new drug.

American hellebore, a wild plant, poisonous and profuse in New England meadows and woods, has suddenly become an important source of income for the region. This year in Maine alone a thousand farmers will add \$100 to their incomes by collecting hellebore.

• Lowers Blood Pressure—Once worse than worthless, the root of the plant now brings 40¢ a lb. It is the basic ingredient of a new drug, called "Veriloid," used in treatment of high blood pressure. The drug reduces pressure by dilating the small blood vessels. It was discovered by Ricker Laboratories, Inc., a subsidiary of Rexall Drug Co.

• Old Tickle Weed-Hellebore is well known to New England farmers. Because it is poisonous to cattle, it has been cleared year after year from meadows, carning for itself such derogatory names as Indian poke, tickle weed, duckretter, carth gall, bugwort, bear corn, cow poke, and even skunk cabbage. The plant grows where the ground is wet, near swamps and brooks. It is easy to identify by its large, brightgreen leaves, which appear early in the spring, followed later by a stout, erect, leafy stem. The leaves are hairy and pleated like a fan. The plant sometimes grows 4 ft. to 6 ft. high.

However, it's not the stalk and leaves that are in demand, but the roots. Instead of scything the plant down, farmers now dig the whole thing up, break off the roots, wash them in a stream, dry them in the sun, and then break them in quarters. They sell the dry, brittle pieces to Guilmette & Sons, the New England agency for the company that uses hellebore to prepare

Veriloid.

• A Cultivated Weed-Botanists say that hellebore has never been cultivated. However, if digging increases much, New England farmers may find themselves planting and nurturing the "bugwort" they once worked to clear.



Whatever your business, it's a good bet that at least one figuring job is causing you needless worry. Is it a "deadline" job, such as preparing payroll figures? Is it something requiring extreme accuracy, such as estimating or engineering calculations? Or is it just the handling of a lot of figure work, without overtime?

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#### MECHANICAL HANDLING SYSTEMS, INC.

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# Denver Keeps 'em Moving

City's new traffic control setup is two systems combined into one. Result: an electronic policeman that counts cars, sets the lights on a time schedule best adapted to keep up the traffic flow.

The traffic problems of a modern city long ago passed the point where human policemen could handle them. Now Denver, Colo., is going to see if an electronic brain can do the job.

Denver is just about ready to set up the first unit of a new traffic-control system. This is a sort of robot traffic cop that counts the cars and adjusts the lights to a time schedule that will keen them moving

keep them moving.

• Two in One—Most modern trafficcontrol installations fall into two categories: the vehicle-activated type, and the fixed-time type.

In the vehicle-activated type, the traffic light mechanism "counts" approaching traffic and changes the light's intervals to conform to the direction of heaviest flow. In a fixed-time system, the lights are simply set to glow red, amber, and green for so many seconds in a fixed sequence.

Denver's traffic engineer, Henry Barnes, put the two systems together. Automatic Signal Division of Eastern Industries, East Norwalk, Conn., supplies the mechanism for the counting and the figuring; General Electric supplies the timers that control the lights. Eventually, the units will be installed in four traffic areas in downtown Denver where they will control a total of 104 traffic lights. The master control for the whole operation will be set up in

the city-council building. It will cost \$200,000 to do the job-including installation, building alterations, etc.

• Keep Moving—What the automatic system does is keep the whole traffic-light network changing to conform to traffic patterns during the day. It will take care of the major patterns—the downtown morning rush and the homeward evening rush. It will also adjust to minor surges—such as department store openings, parades, movie hours, etc.

Other cities have found the vehicleactivated control the answer to a tough snarling point, but it's believed this is the first time it has been tied to the fixed-time system.

• The System-Here, with the complexities boiled out, is the way it works:

Pressure pads, called sampling detectors, are laid under the intersection to be controlled. Every time a car goes over the pad, the pad feels it. The pressure is recorded by the control brain, the electronic master selector. Every six minutes, the brain counts up the traffic shown.

Then the master selector will compute just the right timing cycle to take care of the traffic flow shown. By varying the voltage and frequency on the motor that drives the light controls, it tells the timer how often to change the lights.

The Denver system is constructed to



#### The Galloping Goose Is Still Galloping

The "Galloping Goose" all but rode its last ride last winter. Snow in Colorado's San Juan Mountains stopped Rio Grande Southern's little railroad dead, lost its \$30,000-ayear mail contract. And \$4,000-a-year pass senger revenues couldn't keep it going. But receiver Pierpont Fuller rebuilt one of the odd units—a Packard engine plus two cars—equipped it with a snackbar. Now the road is taking camping parties on all-day trips.

### ELJER CO., AN OUTSTANDING MANUFACTURER OF PLUMBING FIXTURES, HAS SELECTED EQUITABLE

#### R. E. CRANE SAYS

"We're not pension experts, but we had learned enough about the subject to know that our pension problems weren't entirely eliminated when we left the bargaining table. At this point we felt the need of a third party qualified to relieve us of the responsibilities that go with payment of pensions and determination of the liabilities involved. We also wanted an arrangement which would not only permit prefunding of pension costs on a flexible basis but provide for guaranteed pensions after retirement.

"We found just what we needed in Equitable's Non-Contributory Flexible Deposit Administration Contract."



R. B. CRANE PRESIDENT ELIER CO.



NON-CONTRIBUTORY FLEXIBLE FUNDING DEPOSIT ADMINISTRATION PLAN...is designed for companies adopting the type of plan currently resulting from collective bargaining. It is available in cases in which annual contributions amount to at least \$15,000. Under the plan, annuities are purchased as employees retire, with any degree of advance funding desired by employer.

The advantage of the Non-Contributory Flexible Funding Deposit Administration Plan is that it offers complete flexibility as to plan provisions and amount of advance funding. It provides a guarantee of income to retired employees and shares fully in the continuous actuarial counsel of The Equitable.



SEND FOR THIS





As the originator of Group Insurance with more than 20 years' experience in sound pension planning—The Equitable Society offers three basic pension plans adaptable to the particular needs of industry.

THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

THOMAS I. PARKINSON . PRESIDENT

393 SEVENTH AVENUE . NEW YORK I, NEW YORK

THE THE PARTY OF T



"He doesn't mind my mistakes at all without them he says life would be dull."

The Pennsylvania Company has always met the requirements of its customers with genuine pleasure and interest, with the kind of warmth that is unusual in the banking business. 75,329 checking accounts are only a part of the proof we're serving more people more ways than any other Philadelphia bank.

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take care of a wide range of traffic flow. The timing cycle can run for any interval between 40 and 120 seconds, but the top limit of any one change for each six-minute period is five seconds. So if the lights are set for 50-second intervals, they won't jump higher than to 55 at the next count. That way, the changes in timing aren't too abrupt.

• Ready for Christmas-So far the plan has not had a workout. The first units will control small groups of downtown lights where traffic is heaviest and will be hooked into the master plan one by one. Barnes hopes to have the system installed in the shopping district in time for the Christmas rush. The whole thing won't be working for six months.

#### Pepping Up Papayas: Hawaii Hunts Business

A man from Hawaii bought a papaya in a San Francisco store last spring. When he bit into it: Phooiee! It didn't look right, and it didn't taste right.

• Sampling Products-It sounds like no story at all about one more disappointed customer. But it was a lot more than that. The man from Hawaii was a government employee. His job was to sample Hawaiian products; to dream up new fields to sell them in: to find new products to sell in still newer fields.

He was part of the program of the Industrial Research Advisory Council, set up by the 1949 Hawaiian legislature

with a \$370,000 grant.

The story of the not-so-succulent papaya shows how IRAC works. That first disappointing bite brought a quick checkup. The result: Aloha Papaya Co., Ltd., now ships better papayas. Aloha, which has a corner on shipping the fruit, now makes sure farmers don't pick papayas when they are too green. And they ride from orchard to plant in padded cases to avoid bruising.

• Shipper Grateful-Julius J. Holzman, the head of Aloha, is grateful. He says that his little firm could never have afforded a checkup like IRAC's.

The papaya incident is one of a score of projects pressed by the Hawaiian territorial government in the past six months. IRAC's original \$370,000 grant has been extended by matching U.S. grants and by funds from such industrial outfits as the Hawaiian Sugar Planters Assn. The sugar people, incidentally, want to know if cane sugar byproducts can be used as animal feed.

Here are some of the projects al-ready under way: help for the rapidly expanding flowers-by-air industry; development of emulsifiers from tree ferns and other Hawaiian plants; investigation of the possibility of exporting frozen lima beans; improvement of island woodcraft and woven products.

19 OFFICES



1561—A crude, manually operated bellows like this was used in an attempt to pump fresh air into a mine in Switzerland. And man's quest for comfort, by putting air to work, was under way.



2 1700—This age-old method of moving air for its cooling effect was used in many parts of the world. Needed was a form of low-cost power that would move air mechanically, automatically, and efficiently.



1873—This steam-operated, forced draft fan promoted efficient burning of fuel in boilers. By 1915, Howell Electric Motors arrived. The era of electrical power put the handling of air on a paying basis.

# **NOW...AIR IS PUT TO PROFITABLE USE!**



Today—air is universally used for comfort — for profit!

For example, more heat, more steam is obtained on these two modern steam generators with automatically controlled blowers, powered by Howell Motors. Fuel costs are cut, efficiency increased.

You'll find Howell Motors putting air to profitable use in many ways—driving fans, blowers, exhausters, air washers, compressors, and other important equipment.

Every user has a good word for Howell. Because Howell Motors are industrial motors precision-built for the tough applications in industry.

Specify Howell next time you buy motors.

Equipment courtesy L. J. Wing Mfg. Co.

Free enterprise encourages mass production, supplies more jobs-provides more goods for more people at less cost.



Howell Protected-Type Mater

# **HOWELL MOTORS**

HOWELL ELECTRIC MOTORS CO., HOWELL, MICH.

Precision-built Industrial Motors Since 1915



# Outstanding Opportunity.

A wealth of new and practical cost-saving ideas awaits YOU at this foremost display of steam, electric, and me-

tric, and mechanical power equipment . . .

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Auspices A.S.M.E. in conjunction with Annual Meeting

SEE more than 300 informative exhibits and demonstrations of latest techniques, equipment, and supplies for more efficient power production and utilization, mechanical transmission, materials handling, and plant services.

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Make it a Must—You'll Say
"Time Well Spent"
Management International Exposition Co.



COURT OF THE MEXICO CURE, MAKERS OF DUPLICATING AND SUFFICIES SINCE [413

### CAMERA VISITS INDUSTRY



CUSTOM-BUILT bearings are Bearing Service's stock in trade. This double-directional radial thrust job was built for a French liner, stuck in U. S. for the lack of it.



END RINGS are bored out on a drill press. They lock on ends of a bronze cage that holds rollers of special bearing being made by Bearing for Hoe printing presses.

# Bearings: All



BRONZE CAGES for printing-press bearings are assembled with help of P. H. Boone (left), sales manager, one of the first two employees in the company.



CHASE (right) supervises assembly of a special cylindrical bearing.

# **Custom-Built**

William F. Chase, an ex-airline pilot, started his business on \$600 back in 1933. He set up a two-man shop in Pittsburgh to turn out custom-built ball bearings. Chase knew the bearing trade; he had spent some years as a salesman for several big bearing manufacturers. He was pretty sure of his ground when he set out to handle the specialized, one-of-a-kind orders that the big companies were reluctant to touch.

This year Chase expects his Bearing Service Co. will gross over \$700,000. The Pittsburgh shop has grown from two to 40 employees. The original two employees are now pretty much running the show: One is in charge of the shop; the other is in charge of sales.

In Chase's words, Bearing Service has been called upon to manufacture "the screwiest bearings you ever heard of, but the most accurate." The company got a big order recently for special bearings for printing presses. It has been turning out 100 of these bearings a month—with tolerances as close as 25 millionths of an inch.



# Lost – another wonderful girl

NEEDLESSLY LOST to an office that needs her. Carelessly lost because she had to work late "again"—just once too often.

So tonight she decided to give notice comorrow. She'll find another job easily. In an office that doesn't take overtime for granted every time the boss wants bost breakdowns, or rush reports on sales and inventory.

An office where urgently needed facts and figures are compiled on time—at closing time—where flexible McBee Keysort puts vital operating reports at management's fingertips without waste motion, without fuss and bother.

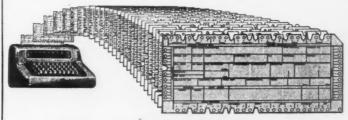
There's a lesson in this story ...

McBee helps make your office workers more valuable as well as more content in their jobs. That's important! For only employees who know your company's policies, customers and procedures can "take over" when vacancies crop up.

With your present personnel, without costly installations, McBee Keysort provides you with accurate and useful management controls at less cost than any other system. When notched, the pre-coded holes along the edges of the Keysort card make it mechanically articulate. They make it easy to collect a wealth of data ... classify it ... summarize it ... file it ... find it ... use it ... quickly and accurately.

It's easy to see why McBee sales have multiplied sevenfold in just a few short years.

There's a McBee man near you who will tell you frankly whether or not McBee can help you. Ask him to drop in. Or write us.

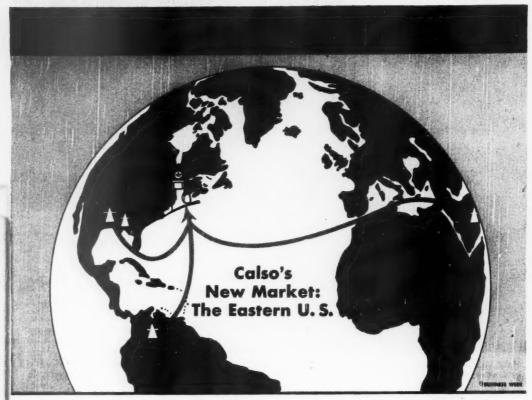


### THE MCBEE COMPANY

Sole Manufacturer of Keysort—The Marginally Punched Card 295 Madison Avenue, New York 17, N. Y. Offices in principal cities The McBec Company, Ltd., 11 Bermondsey Road, Toronto 13, Ont., Can.



### MARKETING



# Geography + Big Demand = Oil Shift

California Standard's East Coast operation is a strictly limited one growing out of company strategy on crude.

In Maine last week, some 150 service stations took down their old Tydol signs, ran up bright new red and white signs for Calso gasoline. Though Down East motorists may not realize it, they were seeing the effects of changing global oil patterns.

For the postwar invasion of the East Coast retail gasoline market by Standard Oil Co. of California is more than simply another attempt to widen a market. Underneath lies the development of overseas oil reserves by U.S. com-

• Importer—Within a matter of just four years, the U.S. has changed from a net exporter to a net importer of oil and oil products (BW—Apr.5'47,p86). For the first half of 1950, we exported an average of 288,000 bbl. of oil or oil products daily as against imports of \$16,000 bbl. Most of this oil—nearly

75%—comes from Venezuela and the West Indies; Kuwait, Saudi Arabia, and Colombia supply most of the rest.

Almost all this oil comes to the Eastern scaboard—a glance at the sea routes on the map above will show why. As a result, the New Jersey area has developed a large industry around the refining of foreign crudes (BW–Nov. 27'+8,p2+).

A few months ago the whole subject of oil imports into the U. S. was a very unpopular topic among oil people. The independent producers, who had oil running out of their ears, were screaming bloody murder (BW-Feb.+'50, p3+). But now, with domestic consumption up sharply as an aftermath of Korea and rearmament, oil men are more willing to talk about the subject.

• Deep in Foreign Oil-One of the companies most deeply involved in

foreign oil has, of course, been California Standard. It was the first to find and exploit the fabulously rich oil reserves of Arabia (BW-Aug.6'49,p30). The outcome of these efforts was the setting up of Arabian American Oil Co. (Arameo), the present production of which is running at approximately 600,000 bbl. daily.

California Standard spent another \$30-million looking for oil in Venezuela –but with much less success. It has, however, been producing some oil there for the past few years, though the product is a heavy type not suitable for making gasoline.

These two foreign fields—plus California Standard's oil field in the Gulf of Mexico region of the U.S.—have pushed the company's expansion of its East Coast beachhead.

Surplus—In the beginning, California Standard backed into the eastern market because of a surplus problem right at home. A prewar deal, whereby Sun Oil bought some "Houdry-proc-

essed" gasoline from California Standard for distribution under the Sun name in the East, fell through at the end of the war. Rather than cut back refinery runs, California Standard decided to enter the eastern market directly.

It leased storage space from Barber Asphalt Co. in Perth Amboy, N. J., and set up the California Oil Co., which began lining up independent distributors (BW-Jun.22'46,p71). The gas was shipped in tankers from California via the Panama Canal. (One New Jersey station still displays a battered Calso sign reading, "Straight from California to you.")

• To Shortage-Then, in 1946, the company discovered that instead of having a gasoline surplus on the West Coast, it had a shortage. At the same time it had a growing distribution system on the East Coast to think about. So it bought controlling interest in Barber's refinery (it now owns it 100%), set up a new subsidiary, California Refining Co., and began to increase the refinery's capacity from 10,000 bbl. daily to 25,000 bbl.

· Growing-From there on, the East Coast operation grew naturally, but in a way that nobody had expected. It developed its three main sources of crude supply, each for a somewhat dif-

ferent reason:

Gulf of Mexico. California Standard's producing subsidiaries could sell all their oil to other companies. But as California Oil Co.'s president, E. W. Endter says, "When you're selling to other companies, you're vulnerable.' The East Coast operation provides a firm market for at least part of California Standard's production from the Gulf region.

Saudi Arabia. In this case, California Standard wanted to get some dollars for Aramco. So it ships a small part of its share of Aramco's crude oil to the U.S. instead of to Europe. (California Standard gets 30% of Aramco's output.)

Venezuela. Here the East Coast operation handles the output of another California Standard subsidiary, Richmond Exploration Co.

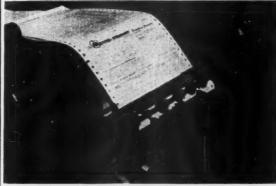
The California Oil people will not say just what percentage of the oil it distributes comes from which area.

• Eastern Setup-The setup that California Oil has developed in the East is a hustling group that gives the impression of knowing which things come first. It is not to be thought of as a rival for Esso and other oil marketing giants in the East, nor does it pretend to be. California Oil and California Refining are nicely calculated to do just the job they're doing-no more, no

In reality, the output of the Barber refinery puts a lid on California Oil's operations. Thanks to a \$30-millionodd expansion program, that lid will

#### TAKE THIS A, B, C WAY TO CONTROL COSTS

# Standard Register Paperwork Simplification



ne facility! Kant-Slip forms speed tabulating of 11 orde booking, billing, shipping copies from the same punched cards.

Too much costly clerical work? Too little usable information, too late, for operating efficiency? Spotlight the system of control! Apply work simplification's scientific method to each element:

- A. Develop the best procedure. FLOW-CHARTING records' origin and distribution helped The Mengel Company, Furniture Division, Louisville, eliminate, combine, rearrange steps. Fewer forms now provide more adequate information.
- B. Simplify the writing method. DUAL FEED on electric typewriter enables one girl to write invoices and journal sheet at once-replacing two machines, two operators. (PS. 17)
- C. Design the most efficient form. Electrical specialty manufacturer simplifies handling of "return for repair" and billing by handwriting one COMBINED continuous, consecutivenumbered FORM in register. (PS. 17)

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DUAL PERD Registers 2 differ







Office and Garage Building for P. Ballantine & Sons
61st Street and York Avenue, New York
Frank S. Parker Associates, Architects & Engineers



#### DEPENDABLE SIGNS

TURNER CONSTRUCTION COMPANY

Over the years, the "three-ring" trade-mark of P. Ballantine & Sons has come to mean "purity, body and flavor" to more and more people.

On the site of this new building for Ballantine, there is another dependable trademark—the familiar blue-andwhite sign of the Turner Construction Company.

This marks the 12th time that the Turner sign has appeared on a building site for P. Ballantine & Sons.

# TURNER CONSTRUCTION COMPANY

FOUNDED 1902

shortly be increased to approximately 50,000 bbl. a day. So far the company has announced no plans for further expansion.

Aside from the refinery, neither of the two eastern subsidiaries has very much property and equipment. They own four asphalt plants and three tankers. And California Oil has also gone in jointly on a \$2½-million marine terminal in Portland, Me., with Pocahontas Fuel Co. It will be completed in a few weeks. But that just about completes the list of real estate.

• Distribution—Most major oil marketing companies, of course, own at least some of their own service stations. In its West Coast operations, California Standard goes in heavily for companyowned stations—but not so in the East. California Oil owns no stations. Nor does it distribute the extensive TBA (tires-batteries-accessories) line California Standard handles on the coast. Incidentally, the Calso trademark is used only east of the Rocky Mountains.

Coming so late into the market, Calso had to scratch to put together a marketing setup at all. It has had to take what distributors it could find. Some own their own stations, most do not. This means that Calso has a somewhat patchy sales operation. Many outlets don't rate as service stations at all, but are merely roadside places with a pump or two.

This setup also means that Calso hasn't too much control over what happens after it sells its gasoline to its independent distributors. So some Calso gasoline-perhaps 10% or 15%-is sold unbranded. This was at least one factor in the recent New Jersey gasoline price war (BW-Aug.19'50,p66)-which is still going on.

• Search for Outlets—How Calso has been able to get any distributors at all in the face of established competition is an interesting story in itself. Endter and his men found two chief reasons why distributors shifted over to Calso:

 The companies that had supplied them were cutting into their territory by setting up company-owned stations.

 Some of the big companies just didn't pay attention to the needs of their smaller independent distributors.

There is a certain liability involved in Calso's methods, however. As soon as a distributor goes over to Calso, the oil company with which he had been affiliated jumps into action. If possible, it tries to win over some of the distributor's outlets. In some cases, this has been successful enough to hurt new Calso distributors.

Despite the hazards, Calso has very nearly gained its original marketing objective. It now has 59 distributors and 1,750 outlets in a dozen seaboard states. Its original goal was 1,800.

#### **Cold Pill Progress**

After a year on the open market, antihistamines have shown fast growth. It could slow, though, as novelty tapers off.

The antihistamine makers are celebrating their first birthday in the open market. It was just a year ago this week that the Food & Drug Administration O.K.'d antihistamines for over-the-counter sale (BW-Nov.19'49,p20)—thereby letting loose a staggering flood of publicity and controversy.

 Yardstick—Here is a measure of how the drugs have grown in a year's time:
 Antihistamines have become the

No. I seller in drugstores, are out in front of any other single packaged drug.

• Total sales by the antihistamine industry are hitting the \$35-million mark, according to some estimates. Before last fall antihistamines were doing only a \$14-million annual business as a prescription item.

 More than 50 manufacturers have entered the race with antihistamines in one form or another.

 Some of the more conservative national magazines that at first barred antihistamine advertising are now getting set to accept it.

 The Ends Meet—For some time now antihistamine people have been spreading out into other proprietary fields; at the same time makers of other proprietary items have been moving in on antihistamines.

Anahist provides a good example of what the antihistamine people are up to. First it introduced an atomizer dispensing Anahist in liquid form; now it is about to test-market a new product called Hist-O-Plus, in which antihistamine is mixed with pain-reducing drugs (phenacetin, aspirin, caffeine). Anahist says that its new product will be marketed for the relief of pain resulting from colds.

Meanwhile, cold remedy makers have adopted an if-you-can't-lick-'em-join-'em attitude. Many of them have added antihistamine to the contents of their cold tablets. At least one cough sirup now has antihistamine in it, too.

• Future in Doubt—Whether antihistamines have hurt the older cold tablets, capsules, and vaccines isn't known yet. There are some who say it hasn't, though it may do so in the long run. However, there's some question about the future of antihistamines themselves. Will they repeat the extraordinary success of last winter?

Some say yes, basing part of their enthusiasm on market research. Anahist, for example, has a report showing



# a lighter way to solve your business gift problems

Flatter your business associates with unusually distinctive gifts. Give the world's most beautiful lighters—famous ASR Ascot Lighters.

Thirty-five models to choose from—beautifully styled pocket lighters including the amazing Wind-Proof with year-long flint, handsome table models in a choice of finishes, with or without.

matching tray and cigarette urn!

No other lighter—no other gift offers as much as ASR Ascot, precision built to jewelry standards. The perfect reward for salesmen at Christmastime! Send for your free booklet today. Make request on letterhead or mail coupon below. It will lighten and brighten your Christmas giving!—Order early.

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	ASR Ascot Lighters
0	American Safety Razor Corp., Dept. B-1 Brooklyn I. N. Y.
End your annual	
Xmas Gift Problems.	Your Name
Send for Free Booklet	
Mail this coupon today!	City Zone State
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#### THROUGH FORT WAYNE FORESIGHT

Today's urgent demand for shipping containers was foreseenand Fort Wayne expanded and modernized to meet it. The need for quality raw materials in unfailing quantity was foreseen-and Fort Wayne acquired complete control of virtually unlimited sources. Amazing new container uses were foreseen-and Fort Wayne developed techniques, formulas and methods to produce specialized containers for applications undreamed of only a few years back. Fort Wayne has always been a self starter, through 42 straight years of specializing in the development and manufacture of corrugated containers for industry. That's why today's shipper turns to Fort Wayne with confidence that he'll get the right container no matter what his problem. And he'll get laboratory controlled quality, on-time delivery, precision perfect uniformity to specifications. See what foresight, experience and completely integrated production can do for you. Call on Fort Wayne.

> CORRUGATED FIBRE BOXES CORRUGATED PAPER PRODUCTS

# Fort Wayne Corrugated Paper Company

GENERAL OFFICES . FORT WAYNE I, INDIANA

#### Plants:

Rochester, New York Chicago, Illinois Pittsburgh, Pennsylvania Hartford City, Indiana

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#### AUiliate:

Southern Paperboard Corporation Port Wentworth, Georgia

#### Sales Offices:

Chicago, Ill. Detroit, Mich. St. Joseph, Mich. Albany, N.Y Binghamton, N.Y Buffalo, N.Y. Fayetteville, N.Y. Jamestown, N.Y. NewYork, N.Y. Rochester, N.Y. Cincinnati, Ohio Cleveland, Ohio Dayton, Ohio Lima, Ohio



Newark, Ohio Hartford City, Ind. Indianapolis, Ind. Muncie, Ind.

Washington, Ind. Pittsburgh, Penna. York, Penna. Milwaukee, Wis.

that 76% of last year's users will buy again.

Others say no, suggesting that maybe the whole business was needled artificially at first by the tremendous publicity over the drugs and by the whopping advertising money that has been poured into them.

· Doctor's Advice-Then there's the attitude of doctors to consider. The medical profession has been using antihistamines for nearly 10 years in treating hay fever and other allergies. But there are a lot of doctors who remain dubious about the antihistamines' value in treating colds.

#### SOFT GOODS WAIT FOR '51

Post-Korea scare buying was largely confined to appliances and other hard goods. As the detailed figures on sales came in, you can see that textiles and other soft goods got a much smaller boost.

For instance, in the Seventh Federal Reserve District (Chicago) radios, TV sets, and phonographs were up 172% from 1949, major appliances 47%, house furnishings 37%

Soft goods-except for sheets, pillowcases, hosicry-weren't up anything like that. Women's ready-to-wear apparel was only about 17% over 1949, men's and boys' wear 20%.

When will the real boom in soft goods get under way? The betting now is generally about the middle of next year. Until then things will probably be, as the Textile Directors Institute recently put it, "hardly sensational."



#### Pushbutton Lather

A press of the button on top of this can gives you a handful-or faceful-of lather for a shave. The manufacturer, Carter Products, Inc., of New Brunswick, N. J., says that there's enough lather packed into the 59¢ can of Rise to give 50 to 60 shaves.

gas-tight, impermeable



for chemical process and industrial gases . . .

NO water, tar, grease!



costs drastically reduced with simplified General American-built gasholder

# Wiggins Gasholder offers greatest operating savings and safety

Here's a proved, soundly engineered gasholder which eliminates weather worries, operating costs and stand-by crews. The sealing principle of the noted authority, John H. Wiggins, represents 15 years of development and field test. The simplicity of Wiggins Gasholders provides far greater safety, dependability and economy for storage of gases. Here are the facts:

ECONOMY No operational costs. No maintenance. Minor inspection costs. Steam heating unnecessary. No critical tolerances. Delicate assemblies eliminated. No water weight means low cost foundations.

SIMPLICITY Dry seal eliminates ALL weather hazards. No water to freeze, contaminate the gas, accelerate corrosion. No tar or grease "headaches.

EFFICIENCY Gas delivered exactly as received. Dry seal is impervious to rot, impermeable to gas-flexible yet long-lived as steel plate.

SAFETY Gas stored with positive safety. Impossible for explosive or toxic vapors to accumulate outside storage space.

Wiggins Gasholders operate at any pressure up to 20" of water. They can be built in capacities from 1,000 cubic feet to 10,000,000 cubic feet.

Conserve vital steel by using this lighter-weight structure



GENERAL AMERICAN TRANSPORTATION CORPORATION

CHICAGO 90, ILLINOIS 135 SOUTH LA SALLE STREET . District Offices: Buffalo • Cleveland • Dallas • Houston • Les Angeles • New Orleans New York • Pittaburgh • St. Louis • San Francisco • Seattle • Tulas • Washington Export Dept.: 10 East 40th Street, New York 17, New York

Write for Technical Bulletin No. WG 12

to 20%

Easy to convert

All the Wiggins advantages can be built into your wet, tar or grease seal gasholders grease seal gasnoness economically. By eliminating water

tanks, etc., capacities

can be increased up





Something new in butter—or rather, butter in something new. The first new and different butter wrapper in years. It's Rhinelander Aqua-Tuf greaseproof parchment. Butter packers agreeable to saving money would do well to investigate.



In a modern food store the other day an observer noted 33 items packaged in G&G\* Task Papers—on a section of shelves only 12 feet long. Evidence indeed of the versatile utility of these fine papers.



The succulent shrimp is a midget in size, but upon his savory flesh is based big business indeed. He's wer, far, and perishable, and packaging him properly has proved certain Rhinelander G&G® Task Papers exactly right for the iob.

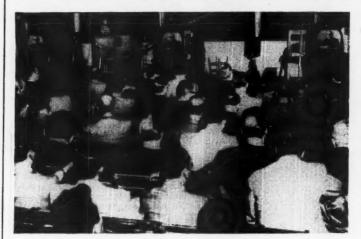
\*Glassine and Greaseproof — the functional papers that do so many tough jobs well.





IN NEW YORK

Top brass of Schenley Distributors outlined the company's sales plans before cameras in Station WABD's Ambassador Theater. TV camera is trained on David Bunim (far left), executive vice-president.



OUT OF TOWN

Schenley distributors gathered before TV sets in hotels, clubs, studios to see and hear the meeting. This is a New live show reached some 2,300 Schenley representatives.

## Sales Conference via TV

Sales executives may yet bless Du-Mont Television Network for thinking up the closed-circuit video business conference (BW-Feb. 450,p70). Here are some of the things discovered by Schenley Distributors, the first to use Du-Mont's idea:

Last year Schenley's top executives spent weeks on the road, giving their annual sales pitch in 35 major meetings, plus a number of small ones, before 4,000 Schenley distributors. It cost thousands of dollars and meant a lot of drudgery.

This year the Schenley sales meeting took just 90 minutes over DuMont's closed-circuit TV facilities. Some 2,300 distributors gathered in 18 cities connected by coaxial cables to hear and see the meeting. By the month's end, another 1,700 will have viewed the same show at 25 points via kinescope.

same show at 25 points via kinescope.

The savings? Schenley won't say how much the televised meeting cost, but it says that it cut last year's meeting bill, in half. Added to this was the time saved for both top brass and for the distributors.

#### Honor System

Washington retailers use variant of Charga-Plate system. Simpler method relies on customer honesty to keep risk low.

Washington department stores trust their customers. This week, six of them were in the midst of a new program to speed and simplify charge account sales.

Basically, it's the familiar Charga-Plate system (BW-Sep.17'49,p62). But the Washington retailers think they've found a faster, simpler way of carrying it out: Rely on the basic hon-

esty of their customers.

Here's the way Charga-Plate usually works: Farrington Mfg. Co., originator of the system, makes up Charga-Plates from a department store's list of charge account customers. When a charge sale is made, the customer identifies herself by presenting the plate for imprinting and signs the sales slip.

• Clearinghouse - But when several stores in a city use Charga-Plate, the system gets complicated. Customers can't be expected to carry several plates. So the stores set up a central clearinghouse, which issues one Charge Plate to each of the stores' charge customers.

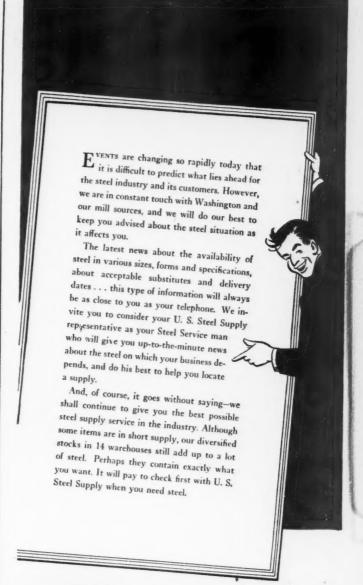
Usually, the plates are notched to keep them from being used at participating stores where the customer has no account. Imprinting machines in the stores are set so they will take only plates notched to indicate that the customer has an account at that store.

The central agency also handles servicing, such as change of address, etc., and keeps a master list of Charga-Plate customers. That way, stores investigating a new customer's credit can check whether she has charge accounts in other Charga-Plate stores.

• No Notches-But the Washington retailers decided not to bother setting up a central agency. The six-Woodward & Lothrop, Lansburgh & Bros., Frank R. Jelleff, Inc., The Hecht Co., S. Kahn Sons Co., and Raleigh Haberdasherare using Charga-Plates, and Farrington is working with them to set up their system. But instead of the usual plates, the six had unnotched plates made upone for each customer.

• Still Safe-On the surface, the plan looks risky. But the Washington retailers don't expect any trouble.

In the first place, they'll still keep up their regular checks on a customer's credit-Charga-Plate has never been intended as a substitute for a credit system. Since the six stores use similar credit practices, a customer who has a good credit rating with one store will probably be a good risk for another. And since the plate gives both the name



WHEN YOU DEAL WITH US. YOU GET

# UNITED STATES STEEL



BAITMORE . BOSTON . CHICAGO . CIEVELAND . LOS ANGELES MILWAUKEE - MOLINE, ILL. - NEWARK - PITTSBURGH - PORTLAND, ORE. SAN FRANCISCO - SEATTLE - ST. LOUIS - TWIN CITY (ST. PAUL) Seles Offices: INDIANAPOLIS - KANSAS CITY, MO. - PHILADELPHIA

ROCKFORD, ELL . TOLEDO . TULSA . YOUNGSTOWN Headquarters Offices: 208 S. Le Selle St. -- Chicago 4, Ill.

UNITED



With any typewriter you can stencil an address in an

Ellioth
Address Card



Then file it like an index card

Slide a trayfull

of these Elliott Address Cards into the hoppers of any Elliott addressing machine, and as each address card is pushed into printing position it will print a perfect imitation of a rypewitter address.

One of the addresses shown is an actual typewritten address and the other address was printed by an Elliott Address Card. Can you tell them apart?

The Elliott Company 143 Albany Street Cambridge, Mass.

The Elliott Company 143 Albany Street Cambridge, Mass.

The \$45 Elliott Addresserette prints 20 different addresses per minute. The \$215 automatic addresser prints 125 different addresses per minute.

The \$245 model both prints and addresses and there are 52 other models which will perform any conceivable addressing problem.

If you now use other than Elliott addressing equipment, the cost of a change to Elliott equipment util probably pay for itself in less than three years.

Elliott ADDRESSING MACHINE CO.

Dept. P, 151 Albany Street, Combridge 39, Mass.

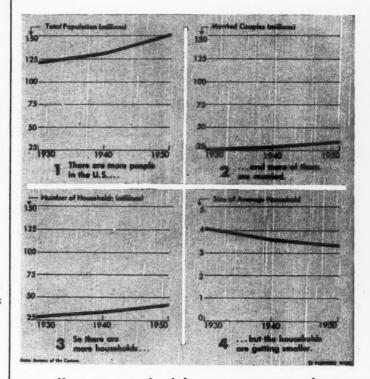
MANUFACTURERS OF STENCIL ADDRESSING

MACHINES SINCE 1899

and address, there's no real danger.

The stores are also counting on customer honesty. Their confidence is borne out by the experience of five smaller-city groups who use Charga-Plate without a clearinghouse and the 13 stores in three other cities which use unnotched plates. Those stores report little loss from fraud.

Besides keeping a closer customer relationship by doing the work themselves, the Washington stores hope to save money. They expect to absorb the entire cost of the operation in their own credit departments. And they're hopeful that they'll even be able to do the job at less cost by eliminating the expense of a central clearinghouse.



# Smaller Households, Bigger Markets

Any retailer knows that the consumer market today is bigger than it has ever been before. But the charts above, based on the Census Bureau's latest Current Population Survey, show that the market has been changing in character as well as expanding.

Population trends for the past 10 years show practically everything going up—number of people, marriages, households. But there is one big exception. The size of the average household is declining.

• Birth Rate Up—What's curious about the declining size of households is the fact that it has occurred in the face of very high birth rate during the past decade. This is explained, however, by two other trends. One is the high marriage rate, which waters down the size of the average family. The second is the record amount of "undoubling," which simply means that more and more married couples have been leaving their inlaws for a home of their own.

Undoubling went on at a fast clip just after the war. By this year only 5.6% of married couples were without their own households—a sharp decline from the wartime high of 8.6% in 1947. (In 1930, it was 6.1%; in 1940, 6.8%.)

This process has made a lot of difference in the character of consumer demand. Every time you get undoubling you automatically increase the demand for all the basic things that go into a home—appliances, rugs, furniture, etc. • Slower Rate—From here on the chances are that you will have a slower rate of new household formation for a while. The rate of undoubling had already begun to decline from its early postwar high by 1949. And now you have the repercussions of rearmament.

SERVING INDUSTRY, AGRICULTURE AND PUBLIC HEALTH

# hydrazine

. rocket fuel with many industrial uses

LOOMING large on the horizon of chemical progress is hydrazine, which first reached prominence as a super-fuel for the stratospheric rockets under development by the Armed Forces.

Hydrazine was once just an expensive laboratory curiosity. But since Mathieson research and engineering solved the problems of synthesis and production not only is there assured an ample supply of hydrazine for fuel, but also for its application in many other fields.

For instance, hydrazine is the basis for many new, ultra-efficient insecticides and herbicides. One hydrazine compound promises to reduce the familiar drudgery of lawn-mowing through slowing the growth of grass. Another is used to prepare a new antitubercular drug. Still others are used to silver mirrors, blow foam rubber, make new plastics and disinfectants, to crease-proof textiles and stabilize fats.

Making possible the commercial and military utilization of hydrazine is just another highlight of Mathieson's expanding position in chemistry. Caustic soda, soda ash, ammonia, chlorine, sulphuric acid—these basic Mathieson chemicals and their many derivatives are being produced in vast quantities for constantly increasing uses.

Mathieson

MATHIESON CHEMICAL CORPORATION, MATHIESON BUILDING, BALTIMORE 3, MARYLAND



# Variety can spice your ads



snowmanship. They're big! They're colorful! They're seen and remembered! Yes, with Outdoor panels you utilize every trick in the theatrical kit to get results from your ads. Let GOA Showmanship go

1925 Silver Anniversary Year 1950

to work for you now! General Outdoor Advertising Co., 515 S. Loomis St., Chicago 7, Illinois.

★Covers 1400 leading cities and towns



#### MARKETING BRIEFS

No allocation on Scotch and Canadian whiskies is in prospect says Park & Tilford's John S. Schulte. Supplies are ample to meet normal demands, he says, and importers won't hoard inventories.

Phonevision's test (BW-Jun.10'50p21) was postponed a month to Nov. 1. Zenith, which is fathering the pay-as-you-go television, says it has asked FCC to let the trials run through January. The main trouble has been getting good movies, but there are now signs that Hollywood may cooperate.

Add carpet price hikes: James Lees & Sons has raised prices of wool carpets another 10%. And a "nominal increase" in synthetic carpet prices is scheduled.

National advertising was up 18% in August over the same month last year, according to Printers' Ink's national advertising index. All media showed increases—from 5% for radio to 242% for TV. Magazines were 15%, newspapers 18%.

NBC is the chief target of FCC's proposed TV rules to limit the amount of programming any one station can take from one network. A survey last May showed that NBC controlled a majority of the network time taken in cities with a limited number of stations.

Men's suit prices will be hiked \$3 to \$5 next spring by both Hart, Schaffner & Marx and Kuppenheimer. Society Brand will post an average 6% increase. But more rayon suits (BW–Sep.30'50, p48) will soften the over-all advance.

Frankfurters with built-in chili will hit the market soon. Gentry, Inc., Los Angeles spice company, adds chili seasoning as the franks are processed.

Updating Videotown: When Cunningham & Walsh ad agency made its first survey in 1948 (BW-Jul.16'49,p41), 153 homes in its test city had TV. In April, 1950, more than one fourth, or 3,007 homes, had TV. During the survey's three years, the percent of sets owned by the upper income group has been cut in half; percent owned by the lower income group has almost doubled.

CBS-TV will cut costs 10% to 15% by leasing a five-story garage for storage of scenery. CBS lopped off one fourth of its production costs last year when it developed a belt-line scenery construction operation.

#### READERS REPORT



#### Girdle, No Brassiere

Sirs:

We were very much interested in your article "Price-Wage Race Speeds Up" [BW-Aug.26'50,p76]. As the article continued, our interest increased -until we arrived at the third page, when we were brought up sharply by a picture of three comely girls. The fact that the girls were illustrated next to the well-known name "Playtex" naturally was of primary interest. But the shocker was the fact that they were modeling brassieres and Playtex just

doesn't make brassieres.

We look upon illustrations such as this with a prejudiced eye because Playtex has been known for the largest national advertising campaign in softgoods history, and it was quite surprising that the most important feature of this picture, the three different styled Playtex girdles, were rudely and abruptly eliminated. Furthermore, in the lower lefthand corner there is only slight evidence left of the internationally famous Playtex "action-free" girl, a stroboscopic photograph which has been publicized throughout the coun-

STEPHEN P. PARKE

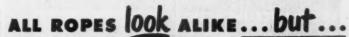
PUBLICITY DIRECTOR. INTERNATIONAL LATEX CORP. NEW YORK, N. Y.

#### What Raises Prices?

Sirs:

The "Business Outlook" [BW-Sep. 30'50,p9] makes several comments on 'draining off purchasing power" by increased taxation. . .

Statistics are nice things to juggle, and it is altogether possible that your





WHAT has grain size of steel to do with longer rope life?

That's because in every commercial grade of wire rope, there's a certain critical grain size that gives highest resistance to bending fatigue. In Wickwire Rope we make sure that you get this definite grain size and that it is always uniform to exacting McQuaid-Ehn\* standards,

Only a fully integrated company like Wickwire can give you this big advantage... because such control of grain size is possible only where all phases of manufacture are under constant check and test...starting with the melting and refining of the steel and continuing through heattreating processes and cold drawing of the wire.

Here again-Wickwire goes "beyond specifications" to give you assurance of wire rope that can't be beat for reliability, safety and longer life.

\*Write for detailed information on the McQuaid-Ehn test to Wire Rope Sales Office, Palmer, Mass.

> LOOK FOR THE YELLOW TRIANGLE ON THE REEL



Automatic heat central in our patenting or heat treating furnace operates within such close limits he furnace never varies nere than a small fracn of one per cent.

#### ICKWIR



A PRODUCT OF WICKWIRE SPENCER STEEL BIVISION OF THE COLORADO FUEL AND IRON CORPORATION WIRE ROPE SALES OFFICE AND PLANT - Palmer, Mass. . EXECUTIVE OFFICE - 500 Fifth Avenue, New York 18, N. Y.

SALES OFFICES—Abilens (Tex.) \* Boston \* Buffalo \* Chattanooga \* Chicago \* Denver \* Detroit \* Emienton (Pa.) Philadelphia \* Tulsa \* Odessa (Tex.) \* Phoenix \* Salt Lake City \* Houston \* New York

PACIFIC COAST SUBSIDIARY - The California Wire Cloth Corporation, Oakland 6, California



### An 8-month shutdown did not hurt our profits!

(Based on claim #H-49-1306)

When fire damaged the building of our furniture company last year, it took us 8 months to re-establish the business. Normally, the firm would have earned a \$133,632.73 profit during this period. Instead, with sales drastically curtailed, we only earned \$53,358.43...a loss in profits of \$80,274.30! Added to this were continuing expenses and expediting charges of \$35,759.42...making a total of \$116,033.72 which the firm stood to lose. But, because we had Business Interruption Insurance in a sufficient amount, the business collected \$116,033.72... enough to offset the necessary expediting charges and continuing overhead and give us our full anticipated profit!

Why let your firm risk a crippling loss of income should fire or other insurable hazard cause a shutdown? Find out, now, how much Business Interruption Insurance is needed! Hartford's work sheets make this easy. Just mail coupon for free copies . . . or see your Hartford agent or insurance broker. In more than 5000 communities you can reach your Hartford agent by calling Western Union, asking for "Operator 25".

HARTFORD FIRE INSURANCE COMPANY HARTFORD ACCIDENT AND INDEMNITY COMPANY HARTFORD LIVE STOCK INSURANCE COMPANY



FIRE INSURANCE COMPANY

Hartford 15, Connecticut

Dlassa sand	bonn	comies of		chante	for	Dusinger	Interruption	Ingurance
Please send	<i>Iree</i>	copies of	WOLK	sneets	<i>tor</i>	musiness	Interruption	insurance.

Name	 Market Service Service		
Firm Name			
Address			 

editorial was predicted on as nice a set of statistics as one ever saw about money in this country.

Down here in the grass-roots section, as divorced from the hard cement of Wall Street, the people as a whole do not have this excess purchasing power, this excess money, which may be so nicely drained off in various ways.

I hardly know one ordinary American family in which economies are not being practiced to the nth degree and in which one or more non-wage earner is not having to seek at least part-time employment.

My guess is that when the full implication of the recent tax increase combined with no noticeable economy attitude on the part of the government takes hold there is going to be some sort of a taxpayer's revolt because the sums just cannot be paid.

JOSEPH A. SHIRLEY

DALLAS, TEX.

· BUSINESS WEEK can answer your complaint about consumer being "strapped" only with this question: If people are in such dire straits, what is putting prices up?

Sirs:

The "Business Outlook" [BW-Sep. 2'50,p9] discussed the inflationary effects of another round of wage increases. You concluded: "Everyone is aware of the direct effect of rising wages on prices.

On the contrary, most people are quite unaware of the monetary causes of inflation. They do not understand that there can be no general increase in prices unless the supply of "deposit currency" plus "pocket currency" is expanded or the velocity of its circulation

is increased. It is obvious that increased wages may lead to increased prices of particular products. However, if there is no increase in purchasing power it inevitably follows that prices of other products must fall. With the supply of money limited, it is mathematically impossible for the prices of everything to

To insist that the present inflationary trend is due to the selfishness of labor leaders only prevents the public from seeing that inflation in the U.S.A. results from the expansion of our bank deposits as a result of increased borrowings from banks by our government, and to a lesser extent by business. The resultant increase in purchasing power raises the price of everything, including labor, but the rise in wages of particular unions is a result, and not a cause, of inflation.

GLENN E. HOOVER

MILLS COLLEGE,

OAKLAND, CALIF.

Only by trying Westinghouse fluorescent lamps will you know what economical quality really is

If you're the kind of businessman who values the wisdom of making little savings add up to large ones, then you ought to know about today's long-life Westinghouse fluorescent lamps. The many technical advances made on these lamps in the last year or two have resulted in economies really worth having—regardless of the number of tubes you may use.

LAMP DIVISIO	N		
WESTINGHOUS	SE EL	ECTRIC	COR
BLOOMFIELD,	NEW	<b>JERSEY</b>	

Gentlemen

I would like more details on how Westinghouse fluorescent lamps save money for users.

NAME\_\_\_\_

COMPANY \_\_\_\_

ADDRESS

### Automatic PACKAGE WRAPPING



SECTION ET WRAPPING MACHINES

Fully automatic . . . high production, low cost . . . Electric Eye registration . . . 40 years' experience.

Write for further information, technical packaging help, and name of your Hayssen representative.

HAYSSEN MFG. COMPANY SHEBOYGAN, WISCONSIN



#### Commercial Service Manager Praises Klixon Protection

YORK, PA.: William G. MacBride, Commercial Service Manager of the York Corp., was quick to give credit to Klixon Protectors for reducing their service problems.

"The application of a Klixon Inherent overheat Protector to the solenoid valve in our ic cube machine has unquestionably reduced our service problems on this equipment. Our experience with Klixon Protectors on our hermetic refrigeration compressors has been outstandingly good, also. We think a lot of Klixon Protectors."



The Klixon Protector illustrated keeps motors in electrical appliances and other equipment from overheating and burning out. Look for equipment with Klixon Protected motors.

KLIXON

Div. of Metal & Controls Corp. 2610 FOREST STREET

# **EXECUTIVE OPINION**



"Anything which can be done to reduce the number of losses will result in . . . injuries being less severe, less loss to the injured person."

# New Lives for Injured Men

Liberty Mutual's S. B. Black tells of rehabilitation plan that enables 70% of badly hurt workers to hold jobs again. What's more, it cuts insurance costs, helps in safety drives.

When workmen's compensation laws went on the books, employers had to assume an obligation to pay dollar benefits to injured employees. Two important advances have followed. The first is the accident-prevention program which industries wisely have pushed hard. The second is the program of getting injured workers in shape to go back to work.

Liberty Mutual Insurance Co. has been outstanding in this newer effort at worker rehabilitation. Its president, S. Bruce Black, is the moving force behind it. Because he is so intimate with the program and is so enthusiastic about it, business week interviewed him on the subject. The recorded conversation follows:

**BW:** Isn't the basic function of compensation insurance to pay benefits, that is, dollars and cents benefits, to injured workers?

BLACK: I think the basic function is to pay compensation benefits, and to get that man so that he can return to work.

BW: But that latter was not the thing in the minds of people who evolved the idea of compensation insurance, was it? That is, they thought mainly about providing a way to level the cost of injuries through insurance.

BLACK: Yes, I think that the philosophy back of workmen's compensation laws was that injury was almost a normal byproduct of work, and that perhaps there wasn't very much that could be done about it, therefore industry should assume a fair share of the loss that the injured employee sustains.

BW: But you as a seller and provider of insurance have now really gone be-

yond that basic function to do several other things. You have a program to try to hold down the number of accidents and injuries to workers, isn't that correct?

BLACK: That is inherently a part of the insurance process. The insurer undertakes to pay the losses. It follows then that anything which can be done to reduce the number of losses will result first in fewer people getting hurt, injuries being less severe, less loss to the injured person. It will also mean that the employer who buys the insurance will have less premium to pay and the insurance company fewer losses

BW: But you have then gone beyond that, too, in cases where you try to bring a claimant back to work?

BLACK: We started talking about accident prevention. Now we have broadened that to what we call loss prevention. After a person has been injured, you can do two things-first bring in the best possible medical and surgical treatment so as to minimize the injury, and next, pick up a disabled man and through rehabilitation assist him in using to the maximum what he has left and then helping him find useful employment.

Rehabilitation comes in when the surgical-medical treatment of an injury has been unable to substantially repair the damage. Your rehabilitation problem is largely to find how he can compensate for what he has lost by learning how to do things in a different way.

Take two specific types of injury. Take the person who has lost an arm. Now the surgeon is through when the arm is gone, and healed. Rehabilitation then picks up, fits him if necessary with an artificial arm, trains him in the use of it, and then, working with the employer, finds a job that's suited to what he now can do. Now you take a person who has a different type of injury. He hasn't lost a limb, but as a result of severe injury his arm or his leg is not useful. The first step is to see what more can be done medically to help repair the damage. Then by a process of physiotherapy, occupational therapy, and so on-and sometimes involving surgery-you see if you can bring back that injured arm to more nearly its original use.

BW: You do this at the rehabilitation center which presumably has on the staff people in the medical field....

BLACK: That's right. We have here

in Boston this rehabilitation center, but we use facilities away beyond that in many other places. For example, we have at present on our records 54 paraplegic cases. That's an injured spine that results in paralysis either of the lower limbs or in some cases of all limbs. We have brought quite a number of those into Boston, to the hospital

# another Case Where DOES IT BETT



#### WHERE Sand GETS A RIDE ON Air!

"AIRSLIDES" in the modernized South River Sand Company plant at Old Bridge, N. J. have taken the ace of screw conveyors for sand. s is one of the very first such t in the industrial sand indusy. And the choice of fans was Buffalo" Electric Blowers-Exhauststurdy enough to take the continual service, efficient enough to effect real savings. At left is one of the "Buffalo" installations—just another in the long and growing list of profitable uses for "Buffalo"

#### INDUSTRIAL "MOVER"!

Another "Buffalo" Fan used for handling air or gases (up to 1000°) or conveying any materials which can be handled in a pneumatic system-"Buf-Industrial Exhausters have long been one of Industry's most popular "moving" fans-for cheaper moving, for faster moving. WRITE FOR BULLETIN 3576-A, or let us know your need.



458 BROADWAY

BUFFALO, NEW YORK Canadian Blower & Forge Co., Ltd., Kitchener, Ont. Branch Offices in All Principal Cities

For an air conditioning system thats...

"ELECTRICALLY RIGHT"



# MOTORS and CONTROL

We did—for the new system on our main floor. Been running perfectly since the day it started —and not a single penny for repairs!



TRACE A NOVE TO to mention G-E motors and control to your air-conditioning contractor, architect, or consulting engineer. Apparatus Dept., General Electric Co., Schmittady 3, N. Y.

GENERAL ELECTRIC

where with some surgery and a great deal of medical care they are brought back to the point where we then can pick up rehabilitation in our center and help.

BW: If the XYZ Co., located in Milwaukee, had a man injured at work and the company was insured with Liberty Mutual and there were proper facilities in Milwaukee or thereabouts, you would undertake to have that rehabilitation work done there?

BLACK: That is true. But there are certain types of cases that we think we can handle better here. Have in mind that this rehabilitation center is not only an actual working rehabilitation center, but also a pilot center in which we have been trying out techniques. We try to make those techniques available to anybody who will use them. And of course we have in mind that we may well establish other centers. We have one under consideration at the present time in Chicago.

BW: How do you actually handle a

BLACK: First of all, let's take a man who has been injured we will say in Rockford, Ill., is under treatment there by a doctor. This is that doctor's case. We work entirely in cooperation with his own doctor. Now if the agreement is that it would be to that man's advantage to bring him to Boston, we will bring him to Boston.

BW: He has to be willing to come?
BLACK: Definitely. Now perhaps I should insert this—that we have out through the country a group of rehabilitation nurses. A person has been badly injured. This nurse gets in touch with him in the early stages. The purpose of her work is to convince him that something can be done for him. She works with the doctor. And those nurses have been remarkably successful in building up the confidence of these men so that they want to undertake a rehabilitation program. Now...

**BW**: Do those nurses do any of the therapeutic work?

BLACK: Generally, no. Their job is a contact job to smooth the way so that when these people are sufficiently healed to undertake further rehabilitation work, they are ready to go. Of course, we pay the cost of bringing a man here and all the costs while he is in the hospital. Now when he is ready so that he can get around a bit and ready to enter the rehabilitation center, we provide a place for him to live, and feed him, and, if necessary, get him back and forth.

BW: Now, when a man has gone through this rehabilitation course and both he and the people at the center are satisfied that he is in shape to resume a normal place in life, does he automatically go back to work then for his old company?



"The problem then is to get him a job . . . that he can do."

BLACK: Not necessarily, but it is very important that all during the course of this rehabilitation, we work in close cooperation with his employers. They have been very much interested in the welfare of these people, and we have had excellent cooperation when a man is ready to go back to work. If he has lost a hand, it may be that the job he had before is not now suited to him. The problem then is to get him into a job, preferably with his previous employer, that he can do.

BW: But with most of these people—say a man runs a lathe or a drill press, or something like that—after he has been through this rehabilitation course, is he generally able to go back and do this type of work, or does he wind up pushing a broom as a porter?

BLACK: It all depends on the injury. Let me give you three illustrations. Here's a girl working in a textile mill who was very badly injured. I think she was in the hospital here for nearly a year—then went through nearly a year of rehabilitation training. She could not go back and do the work she was doing before. But in the center, she was trained as a typist, something she had never done before, and then she was re-employed as a typist, a better job than she had before.

Here's another fellow who lost both arms. He was a lineman. He has gone back not as a lineman but as a foreman on a line crew, which he can do without any particular difficulty. He drives his car and what not. Here's another fellow that I recall lost both hands. He went back to his previous employer, but I'm not sure whether he was a machinist or what he was—he is now a stockroom man—something that he can do just as well as anybody else can.

BW: Don't you also encounter a



In the arrow inset above, you see a piece of 11/2" Yoloy Continuous Weld Pipe. Subject to continual corrosion, it is still in use after nearly 4 years. Regular pipe used here previously had failed and been replaced at least once a year.

This Yolov pipe is in a booster pressure line carrying 500 P.S.I. raw cold water in an Akron rubber plant. It is in a humid basement, directly under the vulcanizers and subject to constant steam leakage and dripping, as is evident in the photograph. That Yoloy is outlasting regular pipe in this severe service is due to its unique nickel-copper content or low-alloy composition.

In this installation Yoloy pipe has saved the manufacturer 50% of his pipe cost, 75% of his installation labor cost and has avoided three costly shutdowns for pipe repairs.

Yoloy standard weight black pipe is carried in stock for prompt delivery in sizes from 34" to 3", inclusive. If you, too, want to save on your pipe costs, consider Yoloy. Get in touch with the nearest Youngstown District Office for complete





informa-

tion.

THE YOUNGSTOWN SHEET AND TUBE COMPANY



# Protecting your KEY PERSONNEL

Your higher income men need disability benefits more in line with their incomes than is provided by regular group insurance. We are equipped to help you solve this problem and invite further discussion with you on this important subject.

#### Marsh & McLennan

INCORPORATED

INSURANCE BROKERS . CONSULTING ACTUARIES

Chicago New York San Francisco Minneapolis Detroit Boston Los Angeles Pittsburgh
Seattle St. Louis St. Paul Duluth Indianapolis Portland Superior Cleveland
Buffalo Columbus Phoenix Vancouver Toronto Montreal Havana London



"Take off your hat to him, because he has spent hours learning to do those things."

problem of getting the man mentally readjusted to his situation?

BLACK: A very important part of it—and probably the most difficult part. That is why we start with the rehabilitation nurse as soon as possible after the injury, at a time when he is likely to be very discouraged. Then it is a matter of getting him convinced that he can make himself useful again, and we succeed in about 70% of the cases. The balance are cases in which the injury is such that you can't do much with it. Sometimes it is because they can't bring themselves to do the hard work that is necessary to rehabilitate.

I think I would like to emphasize that point. If you see a man who is badly injured, lost a couple of hands, who can do about anything that you can do—take your hat off to him because he has spent hours and hours, and hours learning to do those things. And it takes a man with a lot of determination to really rehabilitate himself. . . .

BW: When a man is reconditioned, let's say, through this process, and goes back to work, does that automatically put him strictly on his own-does it mean then that workmen's compensation payments are discontinued?

BLACK: Not necessarily. Of course there are 48 states and the benefits provided by law vary from state to state. But in the majority of cases, if a person loses the use of both legs, we'll say, and goes back to work, he will get the same compensation as before.

BW: And then there might be vary-

ing adjustments?

BLACK: For disabilities that are partial, if he is able to go back and earn as much or more than he did before—that might well be the end of the compensation payment.

BW: What was the main problem you



# What 3 important clues tell you how this man travels?



#### Clue 1: family portrait

This man is packing for a trip. As a family man, he knows that his wife and children will worry about him when he's away—unless they're sure he's safe. They are sure when he goes Pullman. They know that he's as safe in a Pullman as he is at home.



#### Chia 3: briat-case

You've guessed it—he's going away on business. All the more reason why he can't take a chance on being late. When he goes Pullman, he can forget the weather. He'll be there on time, on dependable railroad schedules.



#### Clue 2: bedroom slippers

Obviously this man likes his comfort, too! And when he goes Pullman, comfort goes with him. He can sleep like a prince—between snow-white sheets—on a soft Pullman bed.

Smart deductions The same reasons that lead this man to go Pullman apply to you, too: h's good business to

Go Pullman

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0 1950, THE PULLMAN GOMPANY

# nanager blew his top



When the foreman of Dept. C reported a big rise in grinding cost there really were fireworks. Don't let this happen in your plant. Call in a Simonds Abrasive Company engineer now. Chances are his survey will point the way to better efficiency. Even slight wheel changes often make the difference. It costs you nothing to find out. Write today.



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"I think the employers have accepted this with a great deal of enthusiasm.'

faced in getting the thing under way?

BLACK: There were three problems: First, to convince ourselves that we could produce some results; then to find medical people who were both inter-ested and had some experience. The third thing was to convince the general practitioner who, after all, is the man who treats these people who are injured that we had a facility that would assist him in treating his case.

BW: What about the companies that are policyholders with Liberty Mutual; do you have to sell them on the idea, too?

BLACK: I think they have accepted this generally with a great deal of enthusiasm.

BW: Beyond that, the industrial company gets other benefits too-isn't that true?

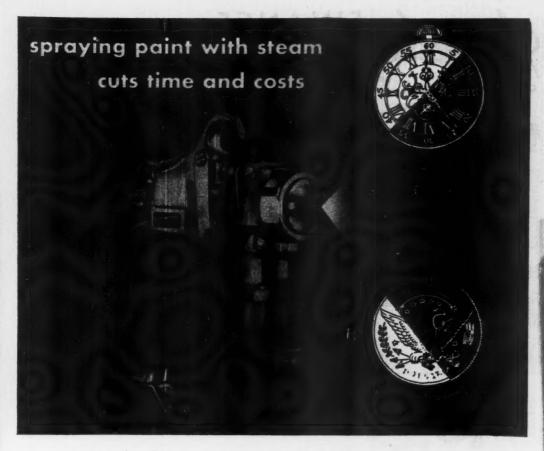
BLACK: You think that it ultimately reduces the cost of insurance?

BW: . . . Well, yes, because he gets a lower rate, if his losses are lower. But doesn't he also get another dividend in that if anybody is hurt on the job and then is able to be brought backdoesn't that help to sell the whole idea of safety engineering in the plant.

BLACK: I think that is definitely so -that it is generally a good morale factor.

BW: In recent years, there has been a lot accomplished to cut down on the number of industrial accidents?

BLACK: Oh, definitely. I think that in the majority of the industrial states the frequency of fatal cases has been cut in two or more in the last 20 years. But a tremendous lot has been done in reducing the number of injuries, and that is, I think, made more significant when you consider that with new processes, increased mechanization, a great deal more power, you would otherwise expect there would be more injuries.



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Steam spraying is a new spray-painting process developed and patented by du Pont. Through the use of dry superheated steam, finishing materials of higher viscosity can be applied in thicker films with one pass of the gun. Coatings are surprisingly free from the blemishes of sags, popping, or runs.

Steam spraying cuts finishing time. It produces finishes equal in quality to conventional finishes. It tremendously increases the productivity of existing equipment. It drastically reduces labor cost, as well as reducing the volume of

material, solvents and thinners normally required. It opens up new possibilities for industry in the reduction of finishing costs.

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Brake Shoe will demonstrate this new process in your own plant, or arrange visits to installations at conveniently located points. Write Dept. A.





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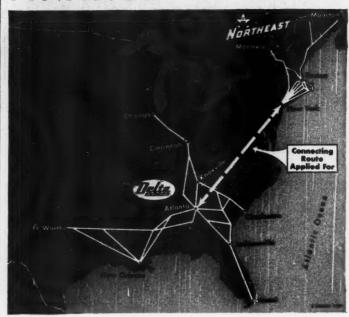
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# Dixie to Canada Air Link

Merger of Delta and Northeast airlines would provide oneand would simplify some financial problems for Floyd Odlum, who has been ordered to reduce his holdings of Northeast.

Never in aviation history have the Deep South and the Southwest been linked to northern New England and Canada by a single no-change airline. But that link will be forged, and soon, if the Civil Aeronautics Board approves of the proposed merger of Delta Air Lines, Inc., and Northeast Airlines, Inc. (BW-Oct.7'50,p28).

• Odlum-The merger will meet strong opposition from airlines with northsouth routes. But it has strong backing from the Floyd Odlum interests; Odlum's Atlas Corp. owns 19% of Northeast's common, nearly all its preferred. Atlas, because it also has a controlling interest in Consolidated Vultee, has been ordered by the Civil Aeronautics Board to cut its interest in Northeast to 3%. For Odlum, therefore, the merger would convert an embarrassingly large interest in a not very profitable airline to a much smaller percentage holding of a line that is potentially very profitable.

· One Big Hitch-Delta and Northeast are two of the oldest and best known regional air carriers. But there's a big if in their hopes of CAB approval, because of a single feature in the merger proposal. Here's the catch:

Right now, there's a 600-mile gap between Northeast and Delta at their nearest point (map, above). CAB is being asked for permission to bridge that gap, as well as to unite the companies. Technically, this takes the form of a renewal of Delta's long-standing applica-tion for a New York to Atlanta sky route, via Columbia, S. C.

• Competition—It's that new route, the trade feels sure, that is going to cause trouble. The reason: It would enable the new combine to compete directly for the heavy New York-Miami traffic. This rich route is now shared by Capt. Eddie Rickenbacker's Eastern Air Lines, Inc. (most consistently profitable major domestic air carrier) and National Airlines. Inc., a much smaller outfit. It is taken for granted that Eastern and National will bitterly oppose Delta's extension

It's anybody's guess how successful this opposition will be. Wall Street, for one, isn't writing off its chances by any means. Some time ago, Captain Eddie and his smaller competitor suc-

cessfully ganged up to defeat Delta's earlier bid for a cut of the New York-Miami fares, Insiders think the pair may be able to succeed again, and on the same grounds: that while there may be enough New York-Miami traffic to support two lines, there certainly isn't enough to support three.

Odlum's Atlas—On the other hand,

there's a strong new counterweight. This time Delta is expected to have the backing of the powerful Floyd B. Odlum interests. That group now has large holdings of Northeast shares, is vitally interested in its welfare. And Odlum over the years has won the reputation of being a mighty smart operator when the stakes are high.

According to Collett E. Woolman, Delta president, and George E. Gardner, president of Northeast, the consolidation represents "the most significant and logical merger proposed . . . in recent years." They say it not only "strengthens present local services" in two important regions but will "make possible an expedited service" connecting the two. As Woolman sees the picture, also, it's just the type of merger that CAB has been asking for-"not a shotgun wedding" but "some-thing both want, to improve opera-tions." Woolman and Gardner seem to have no doubts that the merger will eventually get a green light from CAB. • Farm Dusting-Delta started out in the early 20's as an agricultural dusting operation, and is still important in that field. By 1925 it was dabbling in other commercial flying ventures, and in 1929

it was operating a passenger service. Since then, it has grown into the South's premier regional air carrier with assets approaching \$12.4-million. Its 4,000 miles of routes now serve 36 cities in 13 states. The chief lines are Chicago to Miami, and Fort Worth, Tex., to the South Atlantic Coast. It also has equipment exchange agreements with American Airlines and Trans World Airlines, which enable it to offer through service to Los Angeles, San

Francisco, and Detroit.

• Smaller and Younger-Northeast is younger than Delta and can boast of something less than \$4.9-million assets. It was started in 1931 by the Boston & Maine and Maine Central rail systems, along with Amelia Earhart and others. It has since grown into a wellknit regional system, serving 34 New England cities. It has 1,051 miles of unduplicated routes which stretch from New York City to Montreal. Lines run up the Connecticut Valley and by way of Cape Cod, Martha's Vineyard, and Nantucket to Boston. Various sections of Massachusetts, New Hampshire, Maine, and Vermont are served.

Northeast's controlling stockholder, at the moment, is Odlum's fabulous Atlas Corp., one of Wall Street's most



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successful closed-end investment trusts. Mrs. Odlum (the famous aviatrix Jacqueline Cochran) is one of Northeast's directors. Atlas holds 209,913 shares of Northeast common, 19% of the total, and 76,959 shares of preferred, 96% of the total. The preferred has equal voting rights with the common.

The interest of Atlas in Northeast has been mighty helpful to the airline in easing the strain of repeated lean earning periods. But this situation cannot be expected to last much longer.

not be expected to last much longer.

• "Divorce" Order—Federal rules for airline ownership forced the two railroads that helped to start Northeast to dispose of their interest some time ago. And the same thing is expected to happen to Atlas. CAB has already ordered it to dispose of any interest above 3% in Northeast's voting stock. The order is based on Atlas' controlling interest in Consolidated Vultee Aircraft Corp.

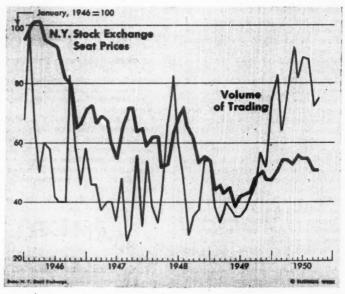
It is generally believed that the Delta-Northeast merger would effect notable economies. Each is very definitely a seasonal carrier. Northeast's traffic drops in winter when Delta's is heaviest; the reverse is true in summer when vacationists rush to New England resorts. Thus the merged equipment of both companies could be rotated with a sharp cutting of costs.

 Stock Split—The companies report that no new money would be needed to effect the merger. Northeast stock would be surrendered for new Delta stock in a ratio based on the then book values of the two companies.

There are plenty of clues available as to how this would work out. At midyear, Northeast's common stock had a book value of only \$2.28, compared with Delta's \$14.80. This means that Delta stockholders would get the lion's share of stock in the new company. The percentage of stock controlled by Atlas would be whittled down sharply, though probably not so much as CAB has been demanding.

has been demanding.

• Higher Earnings—The divergence in stock values is hardly surprising. Delta recently owned 32 planes, including six DC-6s: Northeast's fleet numbered 13, with no DC-6s. Nor has Northeast ever enjoyed equal earning powers. Delta has had only two unprofitable years in the last decade. In the same period, Northeast was able to close only one year in



#### No Bull Market in Stock Exchange Seats

The price of a seat on the New York Stock Exchange normally gives you some idea of what brokers think of the long-range outlook for volume of stock sales. That's because their commissions depend on volume. If that's the way brokers are reasoning now, then they can't expect the current interest in the stock market to last long. For seat prices have responded only slightly to the

bull market. Seats are now selling for about half what they soid for at the start of 1946, though annual stock volume is now running at the highest levels in 17 years. And monthly volume shown on the chart is close to the peak it hit in 1946 when the first postwar bull market collapsed. This week the price of a seat was \$50,000. In 1946 it was close to \$100,000.

the black. In the year ended June 30, 1950, Delta earned \$816,000; in the first eight months of 1950 (including its best months), Northeast netted only \$275,000.

Delta and Northeast figure that their total business would jump about 50% if they were allowed to merge and add the New York to Atlanta route. And they are confident that the combine "would soon become the fifth-largest domestic carrier in point of volume. At present, Delta is in seventh place, Northeast in thirteenth.

#### Public Utility Financing Up 37% From 1949

In the first nine months of 1950, financing of public utilities ran 37% higher in dollar volume than in the same 1949 period. The grand total for the 1950 three quarters was almost \$2.4-billion.

That was the picture sketched last week in a special report on utilities issued by Ebasco Service, Inc. Ebasco, a fiscal and engineering consultant, is a subsidiary of Electric Bond &

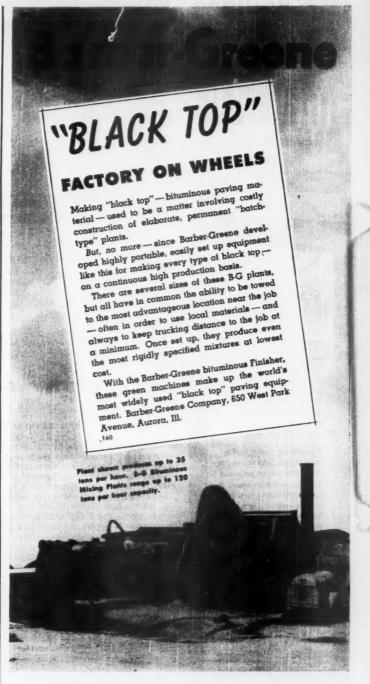
Share Co.

• Refundings Climb—Though new money accounted for a big part of the dollars raised, the big increase came in refundings of old issues. Refundings came to about \$714-million, compared with only \$192-million in the first nine months of last year. New-money utility financing was up about 11%, to \$1.5-billion.

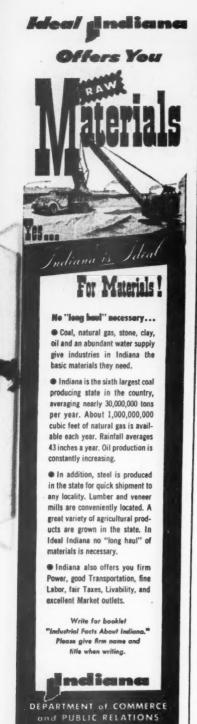
New money raised by electric companies actually dropped 12%, though it came to a generous 5928-million. Gas companies, however-mainly the natural gas utilities-ran counter to the trend. They raised \$601-million in new money, approximately twice as much this year as last.

• Senior's Climb—There was a relative gain in preferred stock and bond issues as compared with common stocks. Preferred issues were \$294-million, up 65% over last year. Bonds totaled nearly \$1.7-billion, up 53%. Common stocks slipped 8% to a total of \$414-million. About two-thirds of the common stock offered was sold to existing stockholders.

Relatively more issues were privately sold; relatively fewer were placed through competitive bidding and negotiated sales to underwriters without competitive bidding. The figures: Competitive bidding accounted for about 48% of the issues sold in 1950; in the 1949 period, they represented 53%. Negotiated sales were 23% of total issues, compared with 27% last year. Private placements showed the big jump: up from 16% in the 1949 period to 24% this year.



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MOVIE	MAKER	RS; A Dec	ade of U	ps and D	owns			
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This Year's Pre-Korea Showing								
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#### Help for Hollywood From Overseas

7,363,000 7,316,000 Nine months ended May 27 '50, May 28 '49.

Korea swells box-office receipts. Britain eases terms with U. S. producers. And movie stocks rate in the war-baby class.

Hollywood's big movie executives were throwing out their chests and speaking kindly to their yes-men this week. The moving picture business still has its worries, but things look a lot better now than they did only a couple of months ago.

Events in Korea and in Britain have suddenly sweetened up the income prospects of the major movie makers. And the industry's long-range program of cutting costs (BW-Feb.11'50,p82) had begun to pay off in higher earnings even before Korea (table, above).

Wall Street spotted the change in the trend quicker than Sunset Boulevard. Movie stocks have turned out to be war babies. Film shares have been among the groups that have climbed the most from pre-Korea levels. They rank right along with such direct armament producers as metal fabricators and tire makers (BW—Oct.7'50,p117).

 Boost From Moscow—Hollywood owes part of its debt of thanks to an unlikely benefactor—the Kremlin. The Korcan situation accounts for a good part of the pickup in the box-office take. It's true that people aren't crowding theaters they way they did during World War II. Then gas rationing loneliness, and lack of consumer goods gave Hollywood its biggest boom in history. But even though attendance surveys for the post-Korea period aren't available yet, there's no doubt that the war tensions of the last few months have turned restless feet to the motion picture houses.

• Welcome Change—The change has shown up more in first-run theaters than in smaller ones. It is more than welcome. According to Audience Research, Inc., admissions were running at an annual rate of 55-million in the first half of 1950. That's a drop of 10% below AR estimates for the same period

last year.

Longer runs and better attendance have boosted film makers' profits. Barney Balaban, president of Paramount Pictures Corp., told stockholders the other day that because of better U.S. box-office receipts third-quarter carnings would be higher than earnings of the first two quarters this year. Usu-

ally the third quarter is the year's

· Boost From Britain-This week the movie makers got another boost from abroad. The British government's Board of Trade, which is comparable to our Commerce Dept., spelled out details of the new agreement it made in August with the Motion Picture Assn. of America (BW-Aug.12'50,p110).

Since 1948, the U.S. film companies have been allowed to take out of Great Britain only \$17-million a year, plus the same amount of money as British film makers earned in the U.S. (BW-Jul.15 '50,p108). This last may have amounted to about another \$1-million annually.

Now the allowance is more generous, because British dollar funds have improved. In addition to the \$17-million, the American companies are permitted to take out an amount equal to 23% of what they spend making movies in Great Britain. This may boost Hollywood's take from Britain to around

\$21-million a year.

That isn't much of an increase when you consider that before World War II about a third of Hollywood's revenue from film rentals came from abroad. Last year Hollywood collected about \$210-million in foreign rentals, managed to bring back only about \$90million to the U.S. But the new plan may be a sign of better things to come. • TV Threat-The arms program may lay another Hollywood ghost. One reason for the improvement in movie shares has been the possibility that war orders may cut back production of TV sets.

Most Hollywood moguls pooh-pooh the idea that TV hurts movie attendance. The evidence is conflicting. Just the same, the possibility that TV may be stopped cold or slowed down for a few years has undoubtedly influenced

investors.

• Problem 4-Repercussions from Korea are even showing up in Hollywood's other major problem: the antitrust suit that the big five finally lost this year after an 11-year battle (BW-Jun.24'50,

p26).

As a result of this case, the companies will have to split their production-distribution activities from their theater operations by forming separately controlled companies. And they will have to sell enough theaters to satisfy the Justice Dept. that competition will have full play

Paramount Pictures, Inc., is the only major to split so far. Only one of the others-Radio-Keith-Orpheum Corp .has filed a split-up plan with Justice. The others have till January to file divorcement plans. They can wait till July to file plans for selling some of their theaters

· Question Mark-The sale of theaters may not work out too badly for holders

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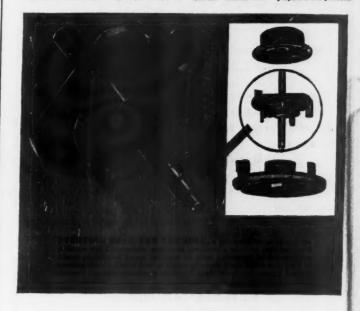
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The trade thinks that may be why Warner Bros. Pictures, Inc., and Twentieth Century-Fox Film Corp. are moving so slowly on their theater sales. The changing international situation may make those theaters more valuable later than they are now. Loew's, Inc., the fifth prairies of the her extremely an extraction of the state of the second of the second

the fifth major, so far has sat tight.

• Gain and Loss—Splitting theaters from production may hurt theater profits, but it may bring bigger profits to the production end of the industry. The new theater companies won't be able to show automatically the pictures made by their own production departments; they'll have to bid for films. For that very reason, the new production companies may be able to do better financially than the production end of the present integrated companies has been doing. In recent years, the production and distribution departments of the majors have been responsible for about 25% of profits.

#### FINANCE BRIEFS

Class I railroads earned \$96-million in August, according to the Assn. of American Railroads. That's up 146% from last year. For the first eight months of 1950, the roads earned \$366-million, up 51% from 1949.

Mutual savings deposits dropped \$39-million in August, according to the National Assn. of Mutual Savings Banks. In July they dropped \$43-million from the previous month.

Business loans gained \$108-million last week, passing the previous peak of \$53-billion, reached Nov. 11, 1948. This is the 18th consecutive weekly rise.

Higher tax prospects revive popularity of tax-free municipal bonds. The dealers "float" of municipals was \$154-million last week, compared with \$198-million the week before. The Dow-Jones vield index of 20 municipals fell to 1.91% from 1.96% the previous week.

Liquid savings during the first half of 1950 were only 1% of income after taxes, compared with 2% last year, SEC says.

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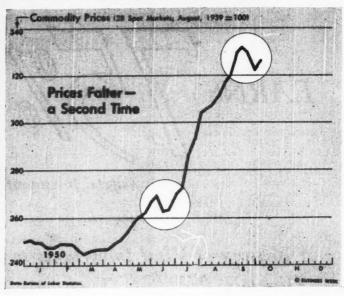
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## THE MARKETS



# Commodity Boom Slows Down

Experts still think the long-term trend is upward, but skyrocketing spot markets take a breather. And nearby futures sell at premiums over distant deliveries.

Some of the zoom has gone out of the commodity boom—at least for the time being (chart, above).

 Spots Lull—There's unusual agreement among the experts as to where the markets are going in the long run. Most say, "Barring ceilings, they'll go up."

But there's much less agreement on when they'll resume the rise, and how far and how fast they'll go. Some believe that U. N. successes in Korea will slow the price movements down. Others figure that business has flattened out and might even have a brief dip that would depress prices. And still another camp holds that, regardless of what happens in Korea, demand for most things will exceed supply: this, they insist, will keep prices going right on up.

Apparently, a good many purchasing agents are maintaining a wait-and-sec attitude. That would account for the lull in spot markets.

• What About Futures?—But turn to futures—the contracts men sign in the light of what they think is going to happen. Here's a sampling of the markets, showing the difference between futures contracts calling for nearby

(usually October or December) and longer-term (in most cases July, 1951) delivery of a representative list of commodities:

	Nearby	Distant
	Futures	Futures
Cocoa	\$0.321/2	\$0.2934
Coffee	.5134	.4934
Copper	.244	.242
Corn	1.47	1.53
Cotton	.41	.356
Cottonseed oil	.203	.197
Htdes	. 274	.257
Lard	.127	.14
Oats	.821/4	.76
Rubber	.5234	.4241
Soybeans	2.361/2	2.45%
Sugar	.056	.0544
Tin	1.05	1.03
Wheat	2.25	2.16
Wool tops	2.84	2.66

In a commodity market where all things are equal (as they almost never are), a future would sell at a small premium over the spot price. And a distant future would sell at a small premium over a nearby delivery. The amount of these premiums would represent carrying charges on the commodity to date of delivery—cost of storage, interest, insurance, or whatever.

• Today's Practice-But from the list above it's apparent that the market

isn't working that way at the moment. In most cases, the nearby futures are selling slightly higher than the distant futures

It might just be that all those people who are talking about higher prices aren't doing much betting on them. Probably more important, though, is the fact that right now-in a period of peak demand-there is more interest in commodities close at hand than in what might come eight months from now. That puts the premium on early deliveries.

· Commodity Cases-Take rubber, for example. If you want to buy the future which calls for delivery in December, you pay 10¢ a lb. more than if you buy the one requiring the seller to make good in May, 1951. Several things help account for that. Buyers have been scrambling for supplies for fear they would be cut off by a spreading waror civil disorder in Malaya and Indonesia. Use has been very large, helping to tighten the supply side of the market. And, apparently, buyers are betting things will still be tight in December. But they aren't so sure about next spring; they won't bid up for the May contract. By that time our synthetic output will be booming again.

Cotton, too, sells for a substantial discount on the October, 1951, delivery. But this is for an altogether different reason. Cotton was selling at a 30-year high prior to this week's break, because of the short 1950 crop. People figure there will be barely enough to go around-if exports stay high-until picking time next year. But, by October of next year, the harvest will be pretty well along. And, on the theory that next year's crop is likely to be a big one, they aren't bidding up for the October, 1951, future.

Wool presents still another situation. Everybody knows there will be a scarcity as long as business, worldwide, stays active. But nobody can count on the market's remaining free. There's the chance that an international agreement might be reached dealing with supplies or prices or both.

#### Stocks the Trusts Like Best

If everybody thought alike, there woudn't be any stock market. That goes for investment managers, too. Where individual securities are concerned, what's one man's meat at the moment is more often than not another man's poison.

On the subject of the best security to hold at the moment, however, you can usually locate at least a halfway meeting of minds among the investment trusts. Some Wall Street critics

say this is because management wants to follow the herd. This the trade vehemently denies. They say it's the result of thorough investment research. And most middle-of-the roaders agree with them.

Be that as it may, an analysis of the portfolios of over 158 trusts does reveal that at mid-1950 that group had over \$750-million-some 25% of all assetsinvested in the same 50 stocks. Here are the trade's "favorite fifty" at that time:

	Total	Trusts	%	of		Total	Trusts	%	of
	Shares	Owning	1551	ue		Shares	Owning	133	ue
Stock	Held*	Shares	He	ld	Stack	Held*	Shares	He	ld
Gulf Oil	\$3.08	67	4.	06	Humble Oil	\$12 2	20	0	82
International Paper	29.8	49	9	98	Louisiana Land & E	12 1	18	13	76
Continental Oil	27.3	64	8	32	Amer. Natural Gas	11 7	37	13	55
Amerada	27 0	24	4	74	CIT Financial	11.6	36	5	96
E. I. du Pont	24.2	55	0	71	Johns-Manville	11 6	41	8	29
Texas Co	23.3	50	2	58	Eastman Kodak	11.0	35	1.	89
General Motors	22.2	69	0	58	Cities Service	10.5	29	4	01
General Electric	21.3	65	1	62	Illinois Power.	10.5	34	14	08
Standard Oil (N. J.)	19.9	59	0	91	Skelly Oil	10.5	26	7	.23
Kennecott Copper	19.8	62	3	32	Philip Morris	10 4	26	10	11
Union Carbide	19.2	52	1.	48	Niagara Mohawk	10.3	21	6	46
Sears, Roebuck	19 0	48	1	82	Allied Chemical	10 2	24	1	99
B. F. Goodrich	18 9	39	16	02	American Cyanamid	10.1	38	4	89
Montgomery Ward	18 8	59	5.	36	Youngstown S & T	10 1	34	6	91
Westinghouse Elect	18.1	59	4.	27	American Viscose,,	10 0	3.3	6	25
Chrysler	17 3	47	2	78	Int'l Business Mach	14 2	28	2	44
Phillips Petroleum	17 2	5.5	4	49	United Gas.	14 1	52	8	06
Standard Oil (Ind.).	16 7	46	2	30	Dow Chemical	13 9	35	3	88
North American Co	15 7	35	10	18	Middle South Util	13 6	46	14	98
Standard Oil (Calif.)	15 1	35	1	58	Celanese Corp	13.4	40	7	18
American G & E	13 3	42	5	52	Consolidated Edison	9.9	28	2	96
U. S. Gypsum	13 2	40	6	90	Phelps Dodge	9.8	35	3	94
Central & South West	12 9	42	11	79	Panhandle Eastern PL	9.7	21	6	90
Monsanto Chemical	12 8	38	4	70	Aluminum Co	9.6	38	3	34
Int'l Nickel.	12.3	28	2	98	American Tobacco	9.4	26	2	69
Data: Aigeltinger & Co.	*Mark	et value (i	n mi	llion	s) June 30, 1950.				

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## LABOR



SEN. ROBERT TAFT woos workers' votes. But union guns are trained on him as . .

# Labor's Election Hopes Fade

Leaders see little chance of getting a Congress willing to repeal T-H law. So they're concentrating on drive to defeat Sen. Taft—and thus perhaps frighten other congressmen.

Labor's sweeping general offensive on the political front this fall has been whittled down to sharp local attacks. Labor's own high command has done the whittling.

Goal of the originally planned offensive was to win a prolabor Congress one which would wipe the hated Taft-Hartley law off the books.

Then alarming reports began to filter in from the 37 states where labor's political committees were mounting the attacks. Gist of the reports: There was no hope of winning an anti-T-H majority. Maybe, the local commanders said, the pro-T-H group could be trimmed a little, but not enough. Maybe it couldn't be trimmed at all.

• Local Goals—The high command heeded the word and shifted its plans accordingly. If we can't win all along the line, it reasoned, we must concentrate on a few spectacular local successes. And what local triumph could be sweeter than to defeat Sen. Robert A. Taft of Ohio, co-author of T-H and the man whom labor calls its arch enemy? Moreover, if labor could beat Taft, might it not influence a few wavering

pro-T-H congressmen to reconsider their position?

Reasoning thus, labor has hurled its strongest shock troops into the Ohio senatorial race. It is the greatest unified political drive that has ever been staged by labor. And it has gained at least some ground.

• GOP Worried—A few months ago, most observers considered Taft a shooin to win against Joseph T. Ferguson, the Democratic candidate. That's all changed now; it looks like a photo finish, with the Republicans frankly afraid that Taft may lose out. It was the active support of the 1,250,000 union members in the state that put Ferguson back in the running.

Their heavy emphasis on the get-Taft putsch does not mean that labor leaders have been idle elsewhere. They still want to pick up as many Congress seats as possible. But they don't see an anti-T-H majority coming up.

T-H majority coming up.
• First Defeat—It was different two years ago. Then labor, flushed with its share in President Truman's upset victory, was sure that T-H would be wiped out as soon as the new Democratic

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Congress could get around to voting.

Disappointment came quickly. The House passed the Wood bill—a slightly modified version of T-H-217-203, despite labor's frantic opposition. The union lobbyists were lucky to get the bill reconsidered and killed by some last-minute maneuvers. In the Senate, Taft pushed through a group of minor T-H amendments by 49-44, despite labor's opposition.

These test votes convinced labor that it was licked in the 81st Congress, so it began way back in 1949 to figure out how to pick up more votes this fall. AFL's Labor's League for Political Education and CIO's Political Action Committee—the two chief union political forces—got together on a double goal. That was: Defeat congressmen unfriendly to labor's objectives; help elect

friendly lawmakers.

• What Labor Needs—To get rid of the T-H law, labor figured it would have to pick up at least 25 more seats in the House, and seven in the Senate. Despite all efforts, it soon became apparent that this goal was virtually out of sight. Most observers now think that the Truman Administration—and with it labor—will actually lose ground, even if the Democrats—including antilabor members—do keep a majority.

Here's the Senate lineup, from a labor's-eve view. Fifty senators now favor T-H, 46 oppose it. But four of the prolaborites have already been lost via primary defeats: Pepper of Florida, Taylor of Idaho, Graham of North Carolina, and Elmer Thomas of Oklahoma. That means labor will have to pick up seven seats to get the barest

majority.

• 16 at Stake—Of the 42 seats that labor now "holds," 16 are at stake in this election: Seven seem safe, nine are doubtful. The nine are: Elbert Thomas of Utah, Lucas of Illinois, McMahon and Benton of Connecticut, Myers of Pennsylvania, Lehman of New York, Magnuson of Washington, Rep. Helen Gahagan Douglas (running in place of Downey of California), and Gov. Earle C. Clement (running in place of Withers of Kentucky).

Even if these nine seats are held, seven more must be gained. But where? There are 15 pro-T-H seats at stake. In only seven of these does labor have a chance. In other words, it can't suffer a single defeat in 16 key elections. It must defeat such Republican stalwarts as Taft, Donnell of Missouri, Wiley of Wisconsin, Millikin of Colorado, Capchart of Indiana, Hickenlooper of Iowa, and Dworshak of Idaho.

Whistling past the graveyard, union politicians are saying they expect to win all along the line. But privately,

they know different.

• In the House-It's the same situation in the House. Labor strategists know



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they can't net 25 seats, so they're concentrating on a few key races, with hopes of psychological victories.

• Broader Issues—Even labor's campaign tactics reflect the shrinking scope of its objectives. At first, speeches concentrated on a candidate's attitude toward T-H. But Korea and the general international situation have taken a lot of steam out of the issue. So labor has turned to broader areas, supporting Truman's Fair Deal and foreign policies, along with his mobilization and anti-inflation programs.

This has tightened the early bonds between labor and the Democratic party. And some labor strategists aren't happy about it. They say that the unions would have gotten a lot closer to a solid labor vote if they could have stuck almost entirely to the tried and

true T-H issue.

#### ON THE WAGE FRONT

Steel companies began wage talks this week with CIO's United Steelworkers. The union is starting out by asking for 25¢ an hour more, says it won't settle for a cost-of-living pact on the UAW pattern, USW can strike Jan. 1, 1951, if a wage settlement isn't reached by then.

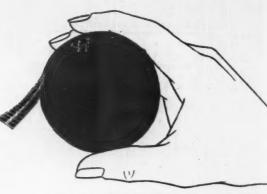
Railroads face new and stiff wage demands from unions representing 11-million workers—both operating and nonoperating. Engineers want about 20% more; firemen and enginemen want 48 hours' pay for 40 hours' work; nonoperating groups want 25¢-an-hour increases.

Textile settlements included a 12¢ increase given by American Woolen Co. to CIO's textile union, representing most of company's 18,000 employees. Union said the settlement sets a pattern for raises for 70,000 other woolen and worsted workers under CIO contracts.

Men's clothing workers got a 12½¢ hourly raise this week in an agreement between the Amalgamated Clothing Workers of America (CIO) and the Clothing Manufacturers Assn. of the United States. The hike, first for the union since November, 1947, goes to 150,000 workers employed by 1,500 firms nationally.

Maritime workers will get a 6.38% raise and other benefits under agreements signed by Atlantic and Gulf Coast steamship operators and AFL and CIO seamen's unions. Terms later were extended to CIO radiomen's union. More than 50,000 are covered by the three wage reopenings.

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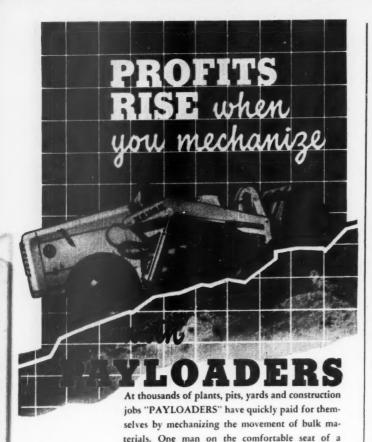
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### Leftist Merger

Three former CIO unions unite, get set for drive to organize department stores. Food and office workers will come later.

A new left-wing drive to organize department stores and other retail establishments is in the offing. Reason: organization of a new union, the Distributive, Processing & Office Workers of America, in New York last weekend.

Developments may come fast. The new union is all set to snap into action; although the merger has just been made official, details were worked out weeks ago and new plans begun.

• Xmas Rush—Moreover, the Christmas season is just ahead. DPOW knows the advantage of organizing when retail employment is high and employers depeud on uninterrupted work. So, as DPOW sees it, there's no time to be lost.

The new organization is an amalgamation of three left-wing unions, all formerly affiliated with CIO: (1) The Distributive Workers Union started out as Local 65 of CIO's Retail, Wholesale & Department Store Union in New York. It dropped out of RWDSU when the latter ordered officers of all locals to sign Taft-Hartley non-Communist oaths. (2) The United Office & Professional Workers was expelled from CIO in its purge of extreme left-wing affiliates. (3) The Food, Tobacco & Agricultural Workers was expelled at the same time.

• 80,000 Members—The merger sets up a new union with about \$0,000 members—some \$45,000 of them in New York. Arthur Osman, top man in the old DWU, is president of the new union; James H. Durkin, who headed UOPW, will be secretary-treasurer of DPOW; and Donald Henderson, who quit as head of FTA rather than sign a non-Communist oath, becomes administrative director of the new union.

The former DWU had its principal strength in New York department stores and warehouses. It had shrewd leadership, and seemingly a well-filled treasury. But its ambitious plans for expanding beyond New York nearly always snagged up because it lacked operating bases in other cities.

The merger with the two faltering unions is aimed to fill this need. For instance, FTA has locals in Winston-Salem, N. C.; Charleston, S. C.; Richmond, Va., and other southern cities: in Chicago: in the Mississippi Valley; and in California.

UOPW has offices, organizers, and local unions in Washington, Boston, Philadelphia, Pittsburgh, Chicago, St.

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• Other Fields—The coming retail drive doesn't mean DPOW isn't interested in the other jurisdictions, too. It also plans to go out after food and office workers. When the merger went through, FTA had dwindled to 25,000 members, UOPW to 20,000—both

from peak memberships above 60,000.

Biggest problem ahead of the new union is how to combat charges of proCommunist leadership and policies.

Communist leadership and policies. However, a bitter attack along those lines by AFL's retail clerks' union failed to defeat DWU in a recent election in Philadelphia.

#### THE LABOR ANGLE

#### Wages and Coming Stabilization Policy: I

**S**OME OF THE mystery surrounding the fate of wages under stabilization may be dissipated fairly soon. It's about time that Washington makes a policy statement on the subject.

Yet a policy statement coming now can't be worth very much—at least not as a compass to guide you. For it is clear that Washington has chosen to sit back and let the negotiations in the steel industry proceed in their own fashion. The Democratic strategists think if would be suicide to keep Murray from getting all he can from the steel companies—especially after the auto workers and other unions have had their vigorous shake at the tree.

In fact, the great likelihood is that if Murray runs into unexpected difficulties in getting substantial pay hikes from steel, the government will intervene in his union's behalf—through a fact-finding board or some such device. Such an action, of course, would be more than normally inconsistent if it were preceded by some policy declaration that had forecast wage regulation.

THUS WHAT Washington says initially on wages may appear to answer some of the large questions, but actually may prove misleading as a guide for business planning. Firm policy, barring an abrupt flareup of the international situation, may be at least six months away.

In the meantime, some estimate of what the future will bring is a necessary premise of management thinking. What estimate makes the most sense?

Government policy on wage stabilization will derive from what is ultimately done about cost-of-living wage controls.

This is the central issue. It can hardly be ducked.

If cost-of-living wage contracts are allowed to stay in force, millions of workers will be covered by a wage-adjustment formula that takes pay rates out from under the authority of a wage board. It makes wages a function of the price index. And those who have authority over prices—if there is to be a real authority over prices—will have authority over wages.

If the government chooses, on the other hand, to knock the costof-living wage mechanism out of contracts, it must almost immediately have a wage formula to take its place. It cannot freeze rates at any existing level without providing a rule and the machinery for climinating inequities that are certain to be present at any given time.

To UNDERSTAND the necessity of this, consider the General Motors and Chrysler situations. General Motors has, preeminently, the cost-of-living wage-adjustment mechanism in its contract. Chrysler has not. Chrysler recently raised wages 10¢ an hour. This increase not only closed the gap between its pay scales and GM's, it went beyond. To the union, at least, Chrysler was anticipating a further increase in the cost of living which would carry GM's wages up further—but Chrysler would already be at that level.

Declaring the cost-of-living clause nonoperative would freeze GM's rates lower than Chrysler's-unless a formula were provided to get them in balance. Without such a formula, there would be trouble in Detroit

The government thus faces a choice: Either accept the cost-of-living wage determinant, or substitute another formula for it. Which it is most apt to do is the subject of next week's Labor Angle, which continues this discussion.

### Plenty of Labor

U.S. experts see no shortage until next spring. Even then it will be limited to a few areas and a few types of skilled workers.

The labor supply won't get really tight until next spring, when defense output begins rolling faster and more men go into uniform. Even then critical manpower scarcities will occur only in a few areas and in certain special skills—if "adequate steps are taken to enlarge the labor force, and to make better use of available manpower."

 New Evidence—That is the current thinking of government manpower experts—even as evidence of a gradual tightening of the labor supply continues to pile up. Among this week's events affecting the labor market:

• Unemployment in September dropped to a 21-month low of 2,-341,000.

• Employment dropped slightly from the August level, but the September figure (61,226,000 employed) set a record for the month. Total employment last month was 2-million more than September, 1949, and 1-million more than in September, 1948.

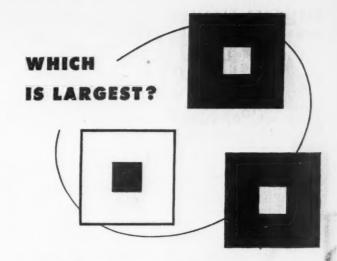
 Public employment offices placed 623,600 workers in nonfarm jobs during the month—more than in any month since the end of the war.

• Out-of-area recruitment (for jobs that local employment offices couldn't fill) rose from 26,000 in August to 32,000 in September. About one fifth of the openings were jobs on the Dept. of Labor's "critical occupation" list. Most were professional rather than skilled-labor jobs.

Nationally, the toughest jobs to fill were those requiring engineers, machinists, tool designers, and tool and die makers. Local shortages developed for aircraft and engine mechanics (mostly on the West Coast), black-smiths, hammersmiths, coremakers, maintenance mechanics, model makers, and molders. Nursing jobs went unfilled in 33 states.

 State unemployment-insurance funds rose by \$137-million during July and August-reversing a downtrend that had run for 18 months. By the end of June, reserves had dropped \$900-million

> The Pictures—Cover by Martin Harris. Acme—21 (top), 26; Int. News—120; Keystone—132; Charles Rotkin—129, 130; Three Lions—22, 23; Dick Wolters—84, 94, 96, 98, 100; McGraw-Hill World News—58, 59.



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from an all-time peak of \$7.6-billion in December, 1948.

Weekly jobless-insurance payments dropped to an average \$90-million in August, paid out to 983,000 unemployed. Last January the weekly average was \$186-million, paid out to 2,076,000 idle workers.

· "E" areas of heavy unemployment (more than 12% idle) dropped from 14 in July to 11 in August.

· Labor turnover increased considerably from July to August. Factory

hiring rose from 47 to 66 for each 1,000 employed workers. The quit rate soared from 18 to 30 per 1,000. Layoffs stayed low, at 7 per 1,000.

• The average factory work week

rose to 41.2 hours-highest since the

• The Army asked Selective Service to draft 300,000 men during the next six months. Some 1.2-million men must be drafted by next June 30 to meet the armed forces' goal of 3-million men (page 36).



UAW PRESIDENT Reuther says auto pay hikes didn't justify higher prices.

### Disclaims Blame for Price Hikes

Labor leaders are getting seriously worried about the public reaction to the wave of price increases that has followed the latest round of wage boosts. Walter Reuther, UAW president, this week hustled a 19-page mimeographed report onto the record charging that the increase in auto prices was "thoroughly unjustified" because of the industry's continued high profits.

• Touchy-UAW is particularly touchy about the wage-price relationship at this time. When it bargained its way to pay hikes-averaging 10e-in September, the union set off a new nationwide round of raises. Prices have soared since

Statistical experts in UAW's Research Dept. dug out figures to show that auto companies could boost pay another 15% and still make 20% on their investment, after taxes. They said that six major auto manufacturers were averaging 46% profit at the time of the recent wage boost-and could average 40% after the raise, without hiking car

• Steel-Union researchers also said that 17 major steel mills average an 18% profit on their investment, after taxes: they added that the mills can raise wages "substantially," without upping the price of steel to auto manufacturers.

Auto companies were stung to a quick retort: UAW's latest research report on its old, familiar "raise wages without increasing prices" theme is an-other example of "cockeyed figuring" and a fast effort to get an alibi on the record

#### Peace in NLRB

Board and new general counsel agree on cases NLRB will handle, set policy on appeals, personnel. It's an NLRB victory.

This was hatchet-burying week at the National Labor Relations Board. In quick succession the new counsel, George J. Bott, agreed to accept the NLRB side on three questions over which the board had been feuding for three years with its old general counsel, Robert N. Denham.

• Jurisdiction—Biggest question to be settled was jurisdiction—what cases is NLRB willing to handle?

The quick splurge of peace confirmed expectations that Bott would have a lot cozier time with the board than Denham did (BW-Oct.7'50,p118). Many businessmen cheered at the thought of new peace and stability in the board. But one little doubt remained: Was

the hatchet being buried in the Taft-Hartley law? After all, Bott had given in to NLRB on all three points, where Denham had stubbornly held out.

The three agreements involved: Jurisdiction—Bott agreed to be guided by new NLRB "yardsticks" for deciding whether a case has enough effect on interstate commerce to war-ant handling by NLRB.

Appeals—He agreed to submit to NLRB, for approval, all legal briefs in appeals of board decisions to higher courts. In the past, appeals often have involved the conflicting views of board and general counsel; NLRB frequently protested that Denham's briefs, not submitted to the board, didn't stick to the board's position. The new move is intended to assure "adequate defense" of NLRB's decisions.

Personnel-Bott agreed that NLRB can approve—or reject—the general counsel's appointments of personnel for NLRB field offices. Denham had insisted that the Taft-Hartlev law gave him final authority on such appointments. He refused to ask the board's approval.

The appeals and personnel disputes didn't affect the day-to-day operation of the T-H law, as far as management and labor were concerned. The juris-dictional dispute between board and

counsel did.

• "Affecting Commerce"—Taft-Hartlev applies to all disputes "affecting commerce"—but just about everyone agrees that it's impossible to apply the law to all such disputes. There are too many. A line must be drawn somewhere.

Denham wanted to interpret T-H to cover all disputes that wouldn't be barred by what courts call the "de



Philadelphia has broadened its horizon. It has decided that governmental boundaries should not be barriers to neighborly, cooperative advancement. As a result, its year-old Greater Philadelphia-South Jersey Council is developing the physical and economic resources of nine surrounding counties in Pennsylvania and New Jersey, of which Philadelphia is the hub. The Council is guiding the progress of 353 communities in a thriving 3,773 square mile region populated with 3,878,887 people with a net buying income of \$6 billion a year. Industrialists should study this project. Otis — as a citizen of Philadelphia since 1898 and a friendly adviser to the builders of its skyline — salutes the Council's progress!

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minimis" rule-the law does not take account of trifles.

NLRB wanted to make a deeper cut into the potential case load, rejecting all cases "essentially local in character." But it set no precise yardstick for what was "essentially local," deciding merely on a case-by-case basis.

Considerable confusion resulted. NLRB took jurisdiction over certain small cases, rejected handling others. Often the board refused to take a case even though Denham (following his "de minimis" policy) had processed it for a year or more.

The dispute raged so hotly that a congressional committee urged amending T-H to define more clearly what is meant by "affecting commerce" (BW-Jul.31'48.p71). Nothing came of it.
• Fixed Standards—Now, NLRB has set specific standards for deciding when to take jurisdiction over any case in which the only question is whether the impact on interstate commerce is enough to warrant using T-H.

Before NLRB will handle a bargaining election, issue an unfair-labor-practice charge, or seek an injunction, it will apply seen tests. It will take jurisdiction only if the business involved comes under one of the following classes:

Establishments "substantially affecting" national defense. (NLRB didn't illustrate this with a specific case decision, as it does other "yardstick" classifications.)

 Instrumentalities and channels of interstate and foreign commerce such as radio and telephone systems. (Case: Radio station WBSR, Pensacola, Fla.)

 Public utility and transit systems.
 (W. C. King, doing business as the Local Transit Lines, Inc., at Knoxville, Tenn.)

• Establishments that operate as an integral part of a multistate enterprise—such as chain stores. NLRB says the rule applies even if a unit is locally managed and sells its entire product within the state in which it is located. (Case: Borden Co., Houston, Tex.)

• Enterprises making or handling goods destined for out-of-state shipment, or performing services outside a state, if the goods or services are valued at \$25,000 a year. (Stanislaus Implement & Hardware Co., Modesto, Calif.)

• Enterprises furnishing services or materials necessary to the operation of businesses in categories 2, 3, and 5 above, providing the goods or services are valued at \$50,000 a year. (Hollow Tree Lumber Co., Ukiah, Calif.)

Any other enterprise which has:
 (a) A direct inflow of material purchased directly from another state and valued at \$500,000 a year. (Federal Dairy, Inc., Providence, R. I.)

(b) An indirect inflow of out-of-state

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farm machinery.
It's a "reaper" of good labor relations
-functioning effectively and economically at International Harvester just as
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throughout America.

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tion" cotton cloth towel found in all employee washrooms at this I-H plant.

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From management's viewpoint there are other advantages to a cloth towel service. Here's what Mr. F. R. Howard, International Harvester's district manager at Milwaukee, has to say:

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\*Fairfax continuous towels used by International Harrester's Milwaukee plant are serviced by the Fowler Towel Service of that city.



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material (shipped from outside the state to local distributors and resold to the employer in question) if the value is \$1-million a year. (Dorn's House of Miracles, Inc., Los Angeles.)

(c) A combination of inflow and outflow of goods in which the percentages of the minimums in categories 5, 6, 7 (a), and 7 (b) add up to 100%. For example: If shipments outside the state add up to \$22,597 or about 90% of the \$25,000 minimum, and goods shipped in come to \$65,978 or about 15% of the \$500,000 "inflow" minimum NLRB will take jurisdiction because the combined percentages (105%) exceed 100%. (Rutledge Paper Products Co., Inc., Mentor, Ohio.)

• If Courts Agree-NLRB admits the courts can upset the new standards because they are discretionary. They may even say the board can't refuse any case where a dispute exists under the T-H law.

#### T-H Cases Hit Supreme Couft

Docket lists first big load of appeals under new labor law; court must now spell out its clauses one by one.

For 10 years the Supreme Court was kept busy spelling out the clauses of the Wagner act. Point by laborious point, the court defined the law.

Now the court is ready to start all over again, clearing up the Taft-Hartley act. Its docket this term is heavy with

• 22 T-H Cases-Before the present term, the court had acted on only three big T-H issues-the non-Communist oath, hiring hall ban, and the national-emergency strike injunction. So far it has agreed to act on only two other T-H cases-but it has been asked to review lower-court decisions in 20 other labor cases. Most of them involve T-H. For the first time in a decade, there are neither Wagner act nor wage-hour act cases on the docket. · Added Power-The two cases already accepted by the Supreme Court deal with this question: Does T-H give courts more power to review National Labor Relations Board orders than they had before?

In one case (Pittsburgh Steamship Co.), a lower court held that it does. In the other (Universal Camera Corp.), the lower court decided the other way. • Pending Appeals-Other cases awaiting Supreme Court certification (or acceptance for hearing) include these questions:

• Is a state law constitutional if it restricts the right of public-utility workers to strike? Many states have passed such laws in the past few years. A lower court held that the Wisconsin law doesn't abridge T-H strike guarantees and is therefore valid.

• Does the Selective Service Act require that time spent in the armed forces be counted as time worked in figuring vacation pay? A lower court held that what the employer must do depends on his policy toward workers on nonmilitary leaves or furloughs.

· Do individual workers' rights under a contract end if NLRB legally terminates the contract? The lower court said they do.

· Must NLRB hold hearings on jurisdictional-dispute charges even if investigation shows the charges aren't valid? The lower court ruled that NLRB doesn't have to.

· Does NLRB have jurisdiction over a dispute at a residential building site? And is picketing at a time when nonunion employees aren't on the jobso that other union employees will quit-an illegal secondary boycott? The lower court answered yes to both questions.

• Is organizational picketing a secondary boycott if it induces employees of a neutral employer not to cross picket lines? The lower court said it is.

· Must NLRB consider an employer's antiunion remarks separately, or can it consider them as a part of a long antiunion course of conduct? A lower court decided that NLRB was right in considering the remarks as part of a whole pattern of conduct-not by themselves and so protected by the T-H "free speech" guarantees.

· Can individual employees sue for breach of contract under T-H if employers ignored a pre-T-H closedshop contract and replaced union men with nonunion employees? In three parallel cases, the lower courts held that

employees can't sue.

• Is an NLRB finding of refusal to bargain in good faith valid if the employer (1) bypassed his union in giving a wage increase; (2) refused to sign a contract unless a certain unionresponsibility clause was included; and (3) refused to commit to writing the matters agreed to in bargaining? said the lower court.

· Can an employer ordered to reinstate workers with back pay deduct the amounts they received as stateunemployment compensation? Yes, decided a lower court in a case based on a Louisiana jobless-pay law.

• Narrower Cases-The high court also has been asked to act on eight other cases involving legal technicalities, or narrower issues.

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## INTERNATIONAL OUTLOOK

BUSINESS WEEK OCTOBER 14, 1950



Is Moscow worried about the new strategic picture in the Far East—the fact that the U. S. now has big forces on the Asian mainland?

That could account for the change in Russian tactics at the United Nations. Instead of Soviet bluster, you now get diplomatic maneuvers like these:

Malik has told John Foster Dulles that Moscow would like to talk about a Japanese peace treaty.

Vishinsky now is ready to talk seriously about Acheson's plan to give the U. N. General Assembly greater power.

It's too soon to get a real pattern out of these moves.

But it's possible that Stalin is angling for a deal that would get U.S. forces out of Korea—and Japan to boot.

You can be sure, though, that Washington won't fall for this.

The U. S. will stay in Japan. That's one of the decisions Truman and MacArthur will make at their Pacific rendezvous (page 15).

Our forces aren't likely to leave Korea, either, unless the Kremlin changes its tactics both in Asia and Europe.

The Communist party line seems to be changing in France.

This week the Reds suddenly invited Socialists, pacifists, Catholics, and "all men of goodwill" to join their "peace offensive." Up to now, these groups have been despised as lackies of capitalism.

French intelligence officials think this switch may mean the Communists are settling down again for a long cold war.

The chances are, though, that Stalin hasn't given his final orders to the faithful abroad. There still are signs that Red leaders in Europe are confused about what to do next.

The Organization for European Economic Cooperation is ready to put Western Europe's resources behind the defense effort.

OEEC has blueprinted a sweeping program for joint action. It would control inflation, integrate military investments, dole out scarce raw materials at reasonable prices, channel manpower surpluses to shortage areas, break down the remaining barriers to intra-European trade.

The first OEEC move probably will be to stop the current revival of export controls. Several ERP countries already have curbed shipments of a wide range of goods.

Don't expect a combined raw materials board to be set up for the North Atlantic area.

True, everybody is worried about raw materials. The U. S. is desperately trying to come up with an analysis of what it needs. OEEC is doing the same for Western Europe. And North Atlantic defense planners are trying to figure out what they must have.

But nobody thinks that these groups can be geared to work with each other.

Betting is heavy on the upward revaluation of the British pound.

Merchants and bankers, in the Americas and in Europe, are shipping money into London at a \$10-million-a-day clip.

The London money market is swamped. The chief transaction is the forward purchase of pounds at a premium of two or three percent. But

#### INTERNATIONAL OUTLOOK (Continued)

**OCTOBER 14, 1950** 

money is going into government bonds, too. Both short-term and long-term governments are up sharply.

British Treasury officials still say there isn't a chance of revaluation. They claim the rise in British gold reserves has been too slight to risk a setback. London bankers tend to agree.

But to world financial markets the pound looks undervalued. Traders prefer to hedge against a higher value for sterling.

"Absurd" is the word most Washington officials have for rumors of worldwide currency revaluation.

That goes especially for the British pound and the European currencies tied closely to sterling.

Official thinking is that the threat of inflation inherent in rearmament would make such a step too risky now. What's more, they frown on the idea of any Marshall Plan country revaluing its currency without making it con-

But there's less certainty about countries like Mexico and Australia, where the flow of speculative capital could force the government's hand as it did in Canada (BW-Oct.7'50,p138).

The fact is rearmament is playing havoc with U.S. hopes for currency convertibility and freer trade.

Washington is sure that today almost any country in the world could make its currency convertible for current trade. The dollar gap is no longer a real problem.

But existing trade controls would make convertibility now a farce. And rearmament is sure to bring further controls both on trade and production-to channel scarce goods. In that context, convertibility doesn't mean much.

Full convertibility, including the free movement of capital, is still out of the question.

Bank of England officials recently made this estimate: If British exchange controls were swept away completely, the pound would sink to less than \$2 (it's now officially worth \$2.80). The flight of capital would cause the

It won't be just the Labor politicians who cheer when the British government takes over the steel industry Feb. 15 (page 132).

The War Office favors steel nationalization, too. Apparently Britain's generals think it will give them complete control over arms production.

Australia will clear the way for Washington to get the wool it wants for the U.S. stockpile. But wool prices won't come down any nor will U.S. industry be any better off than before.

That's the effect of a compromise worked out at the wool talks in London this week.

The idea is this: The U.S. will pick its wool before the regular auctions, then pay the average auction prices. But this allocation to the U.S. will leave everybody else to scramble for what's left, thus sending prices sky high.

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South Africa and New Zealand will follow the Australian lead.

## BUSINESS ABROAD



STATE DEPT, EXHIBIT-"The Chips Are Down"-tells export ad men they can help in "Campaign of Truth" to fight communism.

## **Export Ads: Salesmen and Ambassadors**

U.S. businessmen spend something like \$100-million a year to hawk their wares in foreign markets. And they figure that their international advertisements do something besides drum up business for their companies. George Giese, a vice-president of McCann-Erickson, Inc., put it in advertising language this way: The international ad can be a good ambassador for the free

system, telling America's story overseas fairly and squarely.

That's how Giese keynoted the second annual mecting of the Export Advertising Assn., held last week in New York. The EAA was founded in 1938; it's an organization of some 350 manufacturing, sales, and advertising people engaged in marketing abroad. The point of last week's get-together was to dis-

cuss what U.S. business was getting for its international advertising dollar. Several hundred top management men were guests of the meeting.

o Cautious Optimism—Six months ago, many prophets were forecasting doom for export advertising volume. Now, thanks to the post-Korea surge in world trade (BW—Aug. 26 50, p89), the prophects are feeling better. The EAA men







THREE PRESIDENTS: Eugene Holman (left), Standard Oil Co. (N. J.), told ad men that you can judge a country by its advertising. L. C. Boos (center), U. S. Rubber Export Co., wants management to remember its foreign customers with institutional ads—despite

shortages that prevent selling abroad. Hobart C. Ramsey (right), Worthington Pump & Machinery Corp., felt that most companies don't spend enough on their international advertising, says that export ads are a long-term investment, not an immediate expense.

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THE SURETY RUBBER CO. Carrellton, Ohio Manufecturers of industrial & household gloves, coated fabric work gloves, and linemens' safety equipment.

clues-----

the classified advertising of the world of business management. For information write, wire of phone BUSINESS WEEK showed a cautious optimism that next year's budgets would pull above 1949's high levels. William Honneus, president of EAA and an executive of Time-Life International, said that the climate for export advertising is changing rapidly. More and more management men are realizing that carefully planned advertising abroad is a long-term investment that pays off, not just a short-term expense.

For example: Last year U.S. companies bought 19,205 pages of space in some 50 U.S. magazines that circulate abroad; in 1941 they bought only 5,000. Besides that, business plunked down many millions of dollars for space in foreign newspapers and magazines, and for radio time and promotion activities. • Korean Aftermath-Korea was very much on the export ad men's minds. Thanks to heavy U.S. buying abroad, many countries have extra dollars burning a hole in their pockets. They want to buy American-but rearmament here is causing shortages of some of the machinery and materials they want most. One top executive said he had refused \$7-million worth of business since June 25.

As a result, a lot of companies selling abroad may have to change the pitch of their export ads. L. C. Boos, president of U.S. Rubber Export Co., warned conventioners that shortages may practically rule out straight product advertising in international media. Instead, there must be an institutional ad program—reminding foreign customers of the company's sincerity and goodwill.

• Same for All—International ad placers are thinking about export controls, too (BW—Scp. 30'50,p121). John Chapman, vice-president of McGraw-Hill International Corp., told EAA that U.S. business must treat its customers abroad the same way it treats domestic customers, that Washington's controls must be the same for both foreign and domestic markets. Otherwise, "the Mexicans aren't going to sweat out



COCA-COLA executive James Curtis wants overseas ads for Coke to look "as Dutch as wooden shoes, as Italian as spaghetti."

extra copper" for our war machines, and the "Uruguayans won't channel their wool in our direction."

• State Speaks—The State Dept. was very much on the scene. State figures that international advertising is good medicine against communism; it's a medium to explain the American system around the world. Foy Kohler, who runs the Voice of America, said that the more successful VOA is, the more successful will be international advertising—and vice versa. State is anxious to enlist businessmen in its information projects.

• And the Hucksters—There was some good, hard-headed huckster talk at the meeting, too. It proved that U. S. advertisers have picked up a lot of savvy in selling abroad. They know that careful market research and a knowledge of local customs, hopes, and fears are musts before embarking on a campaign.



CUBAN AD MAN Mariano Guastella told management it must stress point-of-sale ads in Latin America.



TANGEE EXPORT MANAGER Canetti has had his hands full tailoring his product to foreign complexions.

# How to get top production MILITARY AND OR CIVILIAN

# under Controlled Inventories

### Two "scarce-material" problems already face most manufacturers:

- On military orders exact needs for parts and materials must be projected on the basis of actual production schedules, and separately recorded.
- 2 On civilian orders use of scarce materials may be curtailed, allocations made to most needed lines, inventories kept within "controlled" limits.

#### **Controlling Inventories Is Our Business**

During World War II, Remington Rand was the leading supplier of Inventory Control Systems to American business. Then, as today, we were the only supplier able to analyze your needs on a completely impartial basis—then supply the *right* solution based on manual or machine systems, or a judicious *combination* of both.

#### Your Solution Will Be A Proved-in-Use Plan

This is no time for trial and error. Any system or systems you use for inventory control should already have proved successful in actual use in companies similar to yours and under closely similar circumstances. No systems source in the world today can even approach the variety of inventory control experience Remington Rand offers you.

#### Free — Information On How To Handle "Controlled Inventories"

The Systems and Methods Research Department of Remington Rand studies government directives from the standpoint of how industry can comply with all requirements with maximum efficiency. Summaries of their recommendations are then rushed to Remington Rand offices throughout the country. As a qualified executive, you can get the same data by checking with your local Remington Rand office. Or write to us at Room 2300, 315 Fourth Ave., New York 10 — on your business letterhead please! No charge, of course.

# A Few Examples of What We Mean When We Say...



Monual Method. What to order ... when ... and how much ... all summarized for fast action ... when you have a Kardex Visible system of Inventory Control, with forms, signals, charting devices tailored to fit your exact requirements.

**Dual Method.** Remington Rand Punched-Card Machines and Kardex Visible, Machines *produce* inventory data at incredible speed. Kardex *translates* data into convenient chart form for effective administrative control.

For your needs we have no reason to recommend anything but the <u>right</u> machines and systems.

We make them all



Machine Method. When volume paperwork is your problem, Remington Rand Punched-Card Machines process thousands of cards per hour, automatically produce summaries and breakdowns days or weeks faster than might otherwise be possible.

Remington Rand



#### -BUSINESS OPPORTUNITIES-

both offered or wanted; personnel; financing; equipment; etc., may be found in BUSINESS WEEK'S own classified advertising section

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In old or new buildings, rooms can now be sound-conditioned at low cost with Zonolite\* Acoustical Plastic.

Wherever noise is a nuisance, where harsh sounds cut down office efficiency, factory production, or home comfort, Zonolite Acoustical Plastic is the perfect quick and easy answer. It will stick to any clean, firm, water-resistant surface—even cracked walls and ceilings can be covered smoothly. Trowels on as easily as plaster. Ideal too for hotels or restaurants—shops or theaters.

Zonolite Acoustical Plastic bears the Underwriters' Laboratories label, assuring you complete fire safety.

Send coupon today for full information on how to sound-condition with fireproof Zonolite Acoustical Plastic.

#### SOLD AT LUMBER AND BUILDING MATERIAL DEALERS

\*Zonolite is a registered trademark

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LEFT AND RIGHT in Labor party split are Bevan and Attlee. Wives are in the middle.

## Bevan and Attlee Compromise

Higher taxes for corporate and personal incomes in Britain are due with next April's budget. Attlee had to concede that to keep Labor Health Minister Aneurin Bevan and his leftist followers in camp.

LONDON-Britain will get another "soak the rich" budget by next Aprilif the Labor government is still in power. There'll be higher taxes on corporation profits and on personal incomes, and there may even be a new capital levy.

• Compromise—That's the upshot of an Attlee-Bevan compromise reached at the annual meeting of the Labor party last week. The promise of a stiffer tax schedule when the April budget comes around was the price Prime Minister Attlee had to pay to make Health Minister Ancurin Bevan and his leftist followers stay in line.

Without this concession, Attlee might have had a revolt on his hands. Bevan surely would have withdrawn his support from Attlee's defense policy-especially from two-year conscription. And he would have balked at Attlee's plan to go slow on nationalization now that steel is in the bag.

• Deep Difference—The gulf between Attlee and Bevan runs pretty deep. Attlee's position is roughly this: About 20% of the British economy should be publicly owned and 80% left in the hands of private enterprise. At the wants private business to revive after nationalization of the basic industries has been completed. A welfare state that serves all Britons is Attlee's over-all aim.

By contrast, Bevan wants whole-hog socialism. Virtually all industry would be owned by the state, the British economy planned from A to Z. In\*short, Britain would become a workers' state.

But Bevan is a political realist. For example, he's opposed to nationalizing the building industry in Britain right now. He says that would mean taking over almost every industry all at once. Then Bevan is as anxious as the Prime Minister to have Labor stay in power and knows that it won't if he has an open break with Attlee.

• Share the Wealth—What Bevan is shooting for now is still greater equality of income in Britain. During and since World War II the workers' share of the British national product has been boosted a lot. The increase has come both through higher wages and through food and housing subsidies, the new health services, children's allowances, and tax exemptions.

But since devaluation in September, 1949, the relative advantage gained by British workers has been slipping away. Wages have been kept pretty steady, while prices have been forced up by the higher cost of imports. At the same time, expanding production has shoved up business profits by a fair margin. This gap was beginning to open even before Korea, and now is widening rapidly. The official retail price index is kept stable. But this stability is more statistical than real. Consumer prices are actually rising steadily.

Union leaders in Britain have disavowed the government's wage-freeze policy. But they are asking union members to go slow on wage demands in order to help the government check inflation. The higher-paid skilled workers, who know that higher wages mean higher prices, back union leaders in this policy. But the lower-paid laboring men are resentful. It's this group that Bevan is appealing to when he demands higher taxes on business profits and on upper-level personal incomes.

• Apology for Housing—Bevan also plays a cagey game on housing, which he runs in addition to the Ministry of Health. Since 1945, the Labor government has limited residential building almost entirely to workers' houses. These have been built mostly by municipal authorities and are rented at a subsidized rate. But there are still a lot of workers on the waiting list. And these people are vulnerable to Conservative claims that more homes could be built if the building industry were given a free hand.

To meet this situation, Bevan spreads rumors that he would build more if only Attlee and Chancellor Cripps would give him more resources. Also, Bevan charges that price rings and monopolies in the industry slow up construction. These tactics protect Bevan's popularity with the rank-and-

file Laborites.

• Business Reaction—The Attlee-Bevan compromise is sure to make British businessmen sour. How big the effect will be on production and exports will depend on how drastic next April's budget is, But some further loss of incentive by British management seems

a sure thing.

This will come smack on top of the government's take-over of the steel industry on Feb. 15, which is bound to disrupt steel for a while at least. The 92 private steel companies that the government gets for S840-million are supposed to stay intact when the government buys them out. But management's authority over the workers will be undermined to some extent when the workers can shout over the bosses' head to London.

There's likely to be some loss of authority by the industry-run British Iron & Steel Federation, too. Up to now, BISF has kept a tight rein on the expansion plans of individual companies. Once nationalization goes into effect, some firms will play BISF and the new Steel Board off against each other.

Worse still will be the muddle when state-owned steel companies begin to compete with private firms. Under the nationalization law, some steel fabricators are being taken over while others are not. Those that are will have the inside track on government information and government contracts.

• Inflation—But perhaps the greatest danger facing the British economy today is rising prices. British inflation so far this year has been imported from abroad -through rising world prices of the raw materials Britain has to buy from abroad. Now defense spending is boosting the inflationary pressure. War contracts worth almost \$200-million already have been placed. Contracts worth another \$600-million have been authorized.

For the moment there's not much danger that rising costs will hurt British exports. Prices in the U.S. and in other exporting countries are rising, too. The real threat is to the carefully nursed domestic stability in Britain itself. Prices might prove to be the revolutionary element that Labor planners can't handle, no matter what kind of controls

they impose.

Some observers in London believe that prices may be the very thing that will upset Labor. The crucial lesson of recent British politics is this: British elections are 90% determined by things affecting the voters' personal lives and only 10% by policies that affect the whole community. Labor has won the past two elections on the promise of better living standards and more social services—not on socialism. If rising prices prevent Labor from delivering the goods, then no appeals to Socialist dogma will save either Attlee or Bevan.

#### New Sports Car Emerges From Deal With British

There's going to be a snappy new sports car on world markets soon—thanks to a transatlantic manufacturing deal between Nash and Britain's Donald Healey Motor Co., Ltd. The new three-seater, christened the Nash-Healey, will be assembled in England.

Like the rest of today's British car output, most of the Nash-Healeys will be for export. For the present at least, the U.S. isn't down as an area of destination. But outsiders figure that shipments will be made before long to Nash dealers in the U.S., though Nash officials won't say so.

 Two-Sided Appeal—The Nash-Healey aims for the higher-priced market. It's designed to appeal to customers on both sides of the Atlantic: speed for the Europeans, power and comfort for U.S. motorists.

A Nash engine and transmission, to be shipped already assembled from Nash's plant at Kenosha, Wis., will be wedded to the Healey chassis. The seating arrangement will be American style —three abreast in a single seat; the typical European car has two seats.

On looks, the Nash-Healey isn't too far away from the present Nash design. It could be taken for a larger (and nuch more expensive) adaptation of the NXI idea that Nash showed the public early this year (BW-Jan.7'50, p25).





# EBSTER-CHICAGO with **ALL** dictation machines

The Webster-Chicago Dictation Machine is the only unit of its kind on the market, at any cost, that provides all of the features you need in dictating equipment

at a price you can afford!

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"B"	Yes	Yes	Yes	Fair	7½-Min.	Yes, with work	3	
"C"	Yes	Yes	Warning Device	Fair	1/2 Hour	Limited, with work	1	*
Webster- Chicage	Yes	Yes	Yes	Excellent	1 Hoor	Unlimited, no work	1	\$135.00

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#### BUSINESS WEEK . Oct. 14, 1950

#### Transocean Swap

Curtiss-Wright and England's Armstrong Siddeley Motors Ltd. agree to complete exchange of technical data for seven years.

Military cooperation under the Atlantic Pact is going to produce tighter bonds between U.S. defense industries and European producers. This week Curtiss-Wright Corp., pioneer maker of airplane engines and propellers, and Britain's Armstrong Siddeley Motors Ltd. were dotting the last "i" on a seven-year agreement for the complete exchange of research and technical information.

• 'Top Rating-Curtiss-Wright, for a starter, is licensed to manufacture Armstrong Siddeley's spanking new Sapphire turbojet. The Sapphire, which recently passed 150 hours of test, has a rated static thrust of 7,200 lb., about 1,000 lb. more than any other engine on which figures are available. Curtiss-Wright will also get a look at the Python and Double Mamba turboprop engines.

Armstrong Siddeley, on its side, will now have access to Curtiss-Wright's advanced developments in propellers which are expected to bore through the sonic barrier. The U.S. firm has a whole new series of prop designs coming up soon.

· Official O.K .- The transatlantic deal is already approved in principle by both companies. H. T. Chapman, new man-aging director of Armstrong Siddeley, is U.S.-bound to settle the final details. After that, nothing will be lacking but government approval. That is expected to be quickly forthcoming. The whole deal looks like one that has had government blessing from the start.

When the agreement is finally signed, it may well set a new pattern in intercompany dealings among members of the Atlantic Pact. Never before have companies agreed to exchange technical information on such a sweeping scale. Nearest approach—and not a very near one—in the aviation field has been Pratt & Whitney's license to build one type of Rolls Royce engine.

• Millions-All hands have been silent on what Curtiss-Wright will pay for the right to manufacture the Sapphire engine at its Wright Aeronautical Corp. plant at Paterson, N. J. But industry insiders are guessing it runs into millions of dollars.

Security reasons of course, mute any Sapphire production figures planned either for Paterson or for the Armstrong Siddeley plant at Coventry. The Sapphire has only been off the secret list for about a month. It was first shown powering a Gloster Meteor 8 fighter

City.

134

plane at Britain's Farnborough air show.

The turbojet is said to go a long way toward overcoming the high fuel consumption that has so sharply limited the range of jet planes. Moreover, it is expected that its 7,200-lb.-thrust rating will be improved still further.

• Long Term—Important as the licensing of the Sapphire is, officials of both Curtiss-Wright and Armstrong Siddeley do not regard it as the key factor in their agreement. The key, they say, lies in the fact that the two companies will exchange all their technical knowhow for a long-term period. And, they add, the defense of both countries should be strengthened. Britain has long been a leader in jet research, which the U.S. can use. And the U.S. can contribute the mass-production skills which the British have been slow in developing.

#### BUSINESS ABROAD BRIEFS

Sweden will buy some \$6.5-million worth of U.S. autos during the rest of 1950-thanks to improved economic health over the past six months. Passenger car registrations in Sweden are already up 11% over last year.

Sinclair's new refinery at Puerto de la Cruz, Venezuela, has begun producing and will be formally dedicated next week. It cost \$20-million, can handle 35,000 bbl. of crude daily.

Australia has ordered 2,000 prefabricated dwellings from a West German firm. They're needed badly to house Australia's bumper crop of immigrants. More prefabs are on order in Austria, Britain, and France.

Spain is hot after tourist dollars, plans new travel centers in Chicago and San Francisco, in addition to the one in New York. This year Spaniards figure they'll have over 25,000 U.S. visitors, compared with 13,000 in 1949.

Aramco oil may be delivered at the Mediterranean by December. The east and west sections of the 1,068-mi., \$250-million trans-Arabian pipeline linked up last month; already the line is half full of oil.

Automatic Products Co., Milwaukee, is set to capitalize on Canada's oil boom. The company has bought a plant in Ontario and will make oil-burner and gas heating controls.

Brazil's plastic industry is due for a new source of supply. Koppers Co., Pittsburgh, will work with Brazilian partners to set up and operate a \$500,000 polystyrene plant near Sao Paulo. Capacity: 3-million lb. annually.

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## Dangers in Drastic Export Cuts

How America shares its goods with other nations is of top importance in the nation's foreign relations. A drastic slashing of exports, either by business or government, could be damaging politically and economically to all concerned.

In the first place, foreigners want goods from us, not dollar credits. In World War II a lot of them got burnt accepting dollars, and they don't want it to happen again.

It worked this way: They sold us the raw materials we wanted and reluctantly agreed to defer spending their dollars for our goods until after the war. They sold at prices fixed by OPA. After the war, OPA was abolished. When the foreigners came to draw their dollars from the banks to buy goods, they found they had to pay higher prices. Their profits to a large extent had vanished.

Today they have no overwhelming desire to repeat the experience—this time they want goods now, not later, in exchange for the raw materials they are sending

In the second place, these raw materials are essential. We need them and we need them badly—witness the soaring prices for such imports as wool, coffee, tin, rubber, cocoa. The list of our needs from abroad is growing each year—manganese, chrome, nickel, and other rare metals, and even iron ore, which now and in the future we must get from abroad in larger and larger quantities.

Since Korea, the U.S. is a net importer for the first time in many years, requiring more from foreigners than they require from us. It practically requires us to treat our suppliers of vital materials at least as equals. If we expect them to help us, we should expect to help them. That's ordinary common sense. This is looking at the matter from a national or patriotic viewpoint.

Now look at it from a selfish, one-company viewpoint. If American firms slash or abolish their exports at this time, they can kiss their foreign markets goodbye for a long time, because overseas manufacturers will move in and move in to stay.

Most U.S. manufacturers have faced this problem intelligently; that is, they have allocated to export the same normal sales ratio as they did before Korea, and with the same consideration for established customers abroad as at home. Some companies, however, faced with swelling order books at home and looking ahead to military orders yet to come, are taking a shorter view and are giving foreign customers short shrift. This in our opinion is a mistake, even for their own long-range good. Concern and resentment already are building up in some countries—Latin American in particular—over mability to purchase essential goods here.

Exports are a big business—\$10-billion a year—but they are a small business, too—only  $4^{o}_{.0}$  of the gross national product. This small fraction can do the nation as a whole and countless individual companies an his-

toric amount of good in the times just ahead, a good out of all proportion to the size of the percentage.

The dollar shortage which vexed so many foreign companies only a few weeks ago has now practically disappeared. So payment is no longer the problem. Steady improvement all across the world map is indicated as time goes on. It would seem wise to spend 4% of our goods for the vital necessities we need, especially if we get paid dollars for them.

Washington has given serious study to the situation, but no clear policy has emerged yet. The tendency has been merely to go slow on export controls as in domestic controls. All that has been done is to insure security and conserve strategic materials in short supply.

Industry itself thus has a major responsibility. It has to see that its export business is conducted in a way best designed to serve the country and its own interests both here and abroad. Fair treatment in the distribution of our goods seems to be the heart of such a program. And it should be borne in mind that unless American industry does so voluntarily, it can expect more foreign trade controls and compulsory measures from the government.

#### A Job for C. E. Wilson

Being president of General Electric Co. is a mansized job in itself. The same can be said of the presidency of General Motors Corp. Yet the two C. E. Wilsons (cover—GM on the left, GE on the right) who occupy those posts do not shirk other assignments.

They do, however, put their energies to work only where they feel they can do the most good. They appraise any outside endeavor with the same skill and judgment used on GE or GM problems.

This year the GE head is national campaign chairman of Community Chests of America. The GM chief is serving as a vice-chairman. Their measurement of the work done by the various social agencies financed through the Community Chest led them to make this statement:

"We believe in the 'many in one' campaign idea....

"Being businessmen, we see the advantage of uniting these many campaigns under one efficient, fund-raising organization. Industry knows that production costs drop as volume increases. Over 30 years' Chest experience proves that coordinated campaigns cost less, save time and energy, and raise more money to provide more and better services. Big or small, federated campaigns guarantee effective use of the funds subscribed. They substitute order for the chaos that comes with many separate fund-raising efforts....

"United campaigns are wisely planned, cooperative undertakings. We believe they make sense and should be supported generously by all thoughtful businessmen."



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#### Bucket brigade is match for hottest fire

AN experimental power plant that may revolutionize the construction of America's warships is now in operation in the Naval Engineering Laboratories at Annapolis, Md. It is the world's highest temperature stationary gas turbine.

Inside it, turbine wheels are whirled by a tornado of hot gases that heats the wheel's thin, steel blades, or buckets, to a red-hot glow. These buckets posed a big problem to Allis-Chalmers, who built the 3500 h.p. turbine for the Nayy. Taking the stresses of a whirling turbine wheel in gas temperatures of 1500° F. called for a super-alloy steel.

Metallurgists of The Timken Roller Bearing Company were consulted. They recommended "16-25-6"—a Timken-developed alloy that already had proved its ability to stand up under the terrific heat in jet engines for airplanes.

Used on the power and compressor turbine wheels, the "16-25-6" bucket brigade has stood up under long runs, with the temperature 1500° F. at the turbine inlet. After months of testing, the buckets are still in excellent condition.

This experimental turbine may set the

pattern for a new type of prime mover for our Navy's warships, resulting in simplified operation and important savings in weight.

This is another in the long list of problems stamped: "Solved—by Timken alloy steel". It's a record unequalled by any other steel producer. Let us tackle your steel problems, too—big or small. Write The Timken Roller Bearing Company, Steel and Tube Division, Canton 6, Ohio. Cable address: "TIMROSCO". Tapered Roller Bearings, Alloy Steels and Seamless Tubing, Removable Rock Bits.

